

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release ("Agreement") is entered into by and between Los Valles Company, L.P., a California limited partnership ("Los Valles" or "Owner") and iStar Financial, Inc., a Maryland corporation ("iStar") on the one hand, and the County of Los Angeles, a political subdivision of the State of California ("County") and the Los Angeles County Waterworks District No. 36 (the "District"), a County Waterworks district formed pursuant to Division 16 of the California Water Code, on the other. Los Valles, iStar, the County and the District are collectively referred to herein as "the Parties." This Agreement is made with reference to the following facts:

A. Los Valles owns and operates certain real property commonly known and described as the Los Valles development [Vesting Tentative Tract No. 52584], located in the Castaic area of Los Angeles County, as more particularly described in Exhibit "A" hereto and incorporated herein by this reference (hereinafter, the "Property").

B. On July 22, 2003, Hasley Canyon Land Co., L.L.C., ("Hasley") predecessor in interest to Los Valles, entered into a Cooperative Agreement for Well Development and Appurtenant Facilities with the District (the "2003 Agreement"). The 2003 Agreement provided for the Owner to construct, and upon completion of construction, to transfer ownership to the District, certain well facilities and water system improvements (the "Improvements") that will serve the Property and surrounding areas. The 2003 Agreement contains no deadline for completion and delivery of the Improvements.

C. The 2003 Agreement, among other covenants, obligates the District, upon acceptance of the completed Improvements, to reimburse Owner for approximately 85 percent of

the cost of construction of the Improvements, as more particularly determined in accordance with the terms of 2003 Agreement.

D. On April 15, 2010, the County asserted that Los Valles was in default of its obligations under a separate January 8, 2007 letter agreement between Los Valles, the District and the County (the "2007 Agreement"). The County and the District assert that the 2007 Agreement required completion of the Improvements by October 31, 2007. The County further asserted that the claimed breach of the 2007 Agreement allowed it to draw upon a \$1,000,000 account set aside commitment letter issued by iStar on January 9, 2007, as lender to Los Valles, to complete the Improvements (the "1/9/07 Set Aside Letter").

E. On August 18, 2010, pursuant to the terms of the 2003 Agreement, Los Valles submitted its costs incurred to date to the County and the District for the construction of the Improvements. Los Valles will expend in excess of \$6 million for design and construction of the Improvements. All funds advanced by Los Valles in respect of the Improvements were funded by iStar pursuant to an acquisition and construction loan made by iStar to Los Valles.

F. Los Valles disputes that it is in breach of either the 2003 Agreement or the 2007 Agreement, and in turn has asserted that the County and District, by their contention that the 2003 Agreement may no longer be valid or enforceable, have engaged in an anticipatory breach and repudiation of the 2003 Agreement.

G. On December 6, 2010, Los Valles and iStar filed a Government Tort Claim against the County and the District demanding reimbursement for 85 percent of the costs incurred to date on the Improvements.

H. Los Valles, iStar, the County and the District wish to fully and finally settle all claims related to the Improvements. Except as expressly reserved in this Agreement, it is the

intent of the Parties that upon execution of this Agreement, and receipt by Los Valles or its designee of the monetary consideration from the County as described herein, that the Parties will have fully settled and resolved their disputes against each other concerning the subject matter of this Agreement as set forth herein, subject to and consistent with the terms of this Agreement.

NOW THEREFORE, in consideration of the terms, conditions, and covenants set forth herein, and for other consideration, receipt of which is hereby acknowledged, the Parties agree as follows:

1.1 Settlement Payment.

Within 30 days following execution and delivery of this Agreement by the Parties, the County will pay to Los Valles (or its designee, including, without limitation, iStar) a total settlement payment in the amount of One Million Seven Hundred Thousand U.S. Dollars (\$1,700,000) ("Settlement Payment"). The Settlement Payment shall be paid via wire transfer into a JPMorgan Chase escrow account, ABA No. 021000021, Account No. 230-337171, Reference: Los Valles Settlement Payment. The Settlement Payment shall remain in escrow and shall be released to Los Valles (or its designee, including, without limitation, iStar) or its designee upon successful completion of the Improvements, as set forth in Section 1.2 hereof and consistent with the Escrow Instructions provided in Exhibit G.

1.2 Obligations.

(A) Immediately upon execution and delivery of this Agreement by the Parties and delivery of the successor in interest letter (defined in Paragraph 1.2(D) hereof), Los Valles (or its successor) shall commence to diligently complete the Improvements. The scope of work necessary to complete the Improvements and a completion schedule is set forth in "Exhibit B" and attached hereto ("Remaining Work"). Los Valles shall assume the costs associated with the

remaining construction, initial start-up and testing of the Improvements. There shall be no further County charges, assessments or fees for plan checks, inspections, or other work related to reviewing and approving final construction and transfer of the Improvements. Los Valles will complete the Remaining Work within 120 days of iStar's completion of the foreclosure ("Foreclosure Completion") of the Property and the vesting of title to the Property in SFI Los Valles, LLC, a Delaware limited liability company ("SFI Los Valles"). The County acknowledges and agrees that, at present, iStar does not intend to complete such foreclosure until after the County Board of Supervisors approves this Agreement, as detailed in subsection "(D)" herein. The 120 day completion deadline shall be tolled in the event that: (i) the County does not approve, execute and deliver to iStar the documentation relating to the final and complete lien release detailed in Paragraph 1.2(G) hereof (the "Complete Lien Release") by August 30, 2011, with the 120 day completion deadline tolled until the Complete Lien Release or (ii) any individual or entity initiates a legal challenge to all or part of this Agreement, with the 120 completion deadline tolled until notice of a final, non-appealable judgment or settlement of the litigation. The tolling provided for in the event of a legal challenge shall not apply to California Superior Court Case Nos. PC043627, PC043974, PC044166, PC044236, 08S01416, PC045442, PC043861, PC044166, PC044458, 09S00009, or 09C00013. Prior to offering the Improvements to the District for Acceptance, Los Valles agrees to test the Improvements to assure the District that the well produces potable water at required system pressure at a flow greater than 1,500 gallons per minute, for a reasonable testing period (not to exceed 24 hours) that shall demonstrate the well and associated pump station's minimum performance. Los Valles shall deliver Title 22 water quality testing reports to demonstrate the water quality meets State and Federal standards prior to acceptance by the District. Compliance with these requirements shall

constitute completion of Los Valles' (and its successors' and assigns') obligations with respect to the Improvements pursuant to the 2003 and 2007 Agreements (herein "Improvement Completion").

(B) After Foreclosure Completion and Complete Lien Release, SFI Los Valles will execute a grant of easement and subordination in favor of the County and the District to permit access by the County and the District to the well site and the Improvements in the forms attached hereto as "Exhibit C," or substantionally similar.

(C) The County and District shall provide all staff necessary to promptly review and approve final construction and operational items so as not to delay completion and transfer of the Improvements.

(D) Immediately after closed session approval by the County Board of Supervisors of this Agreement on August 9, 2011, if at all, the District shall execute and counter-sign that certain letter agreement dated June 30, 2011 naming SFI Los Valles as the successor in interest to the 2003 Agreement, a copy of which is attached hereto as "Exhibit D" (the "Successor in Interest Letter").

(E) Upon the District counter-signing (1) the Successor in Interest Letter and (2) this Agreement, iStar shall diligently proceed to Foreclosure Completion on the Property.

(F) Upon vesting title to the Property in SFI Los Valles, SFI Los Valles agrees to perform the mandatory duties required by County Code, including but not limited to Title 26 section J 111.3 which requires in part, annual erosion control plans and continuous monitoring for erosion.

(G) Upon vesting title to the Property in SFI Los Valles, SFI Los Valles shall promptly execute a Substitution of Security Agreement, in the form attached hereto as "Exhibit

Multiple Agreement, in the form attached hereto as "Exhibit F". Upon SFI Los Valles' execution of the foregoing agreements, the County's Department of Public Works (DPW) shall request the Board to approve the foregoing agreements. iStar acknowledges and agrees as follows: (1) that in order to approve said agreements, the Board must first make a specific finding that it would not be in the public interest to require the installation of the subdivision improvements described in the Multiple Agreement within the next two years; (2) that the determination as to whether or not it would be in the public interest to require the installation of these subdivision improvements within the next two years, and whether or not to approve the substitution of security for iStar's performance of the Multiple Agreement, is within the sole discretion of the Board and may only be made in an open meeting of the Board; and (3) that by entering into this Agreement, County is not agreeing that the Board will make this finding or approve the substitution of security. If the Board, after consideration of DPW's request, determines not to approve the substitution of security, this Agreement, the Substitution of Security Agreement and the Multiple Agreement shall become null and void. If the Board approves the substitution of security, upon such approval the County shall execute the Substitution of Security Agreement.

(H) Upon Improvement Completion, Los Valles shall certify to the escrow officer such Improvement Completion, with a copy of such certification being delivered to the County by federal express. Unless the County objects to such certification within three (3) business days after receipt, which objection to be valid shall specify in reasonable detail the reasons underlying such objection and a copy thereof shall be delivered to Los Valles, the escrow officer is hereby directed to release the Settlement Payment to Los Valles (or its designee, including, without limitation, iStar) on the fourth (4th) day after receipt of such certification.

1.3 Indemnification and Guaranty.

(A) iStar agrees to indemnify, hold harmless, and defend the County of Los Angeles and its Special Districts, including Los Angeles County Waterworks District No. 36, against claims for unpaid fees related to the Property arising out of this Agreement by: Hasley ., its owners, agents, successors, and assigns, Los Valles , its owners, agents, successors, and assigns, and Dan Palmer, ("Palmer")his agents, successors, and assigns.

(B) To the fullest extent permitted by law, iStar shall release, indemnify, hold harmless and defend the County, its Special Districts, including Waterworks District No. 36, its elected and appointed officials, Board of Supervisors, officers, employees, representatives, agents, and trustees (collectively, the "Indemnified Parties") from and against any and all liability, loss, injury, or damage, including, but not limited to, demands, claims, lawsuits, actions, proceedings, judgments, settlements, awards, fees, costs, and expenses (including any fees of accountants, attorneys, experts, or other professionals, and costs of investigation, mediation, arbitration, litigation, and appeal), that arise out of, pertain to, or relate to the arising out of any services performed by Palmer, Los Valles,SFI Los Valles, iStar, its sub-contractors or sub-consultants, or anyone directly or indirectly engaged by Palmer, Hasley, Los Valles, SFI Los Valles, or iStar relating to or in connection with developing the Property ("Developer"), or equipment procured for use on the Property, including, but not limited to, design-related services, and non-design-related services (including, but not limited to, construction services) and including but not limited to any and all claims that have been asserted, or that could be asserted by any and all plaintiffs, defendants, cross-complainants, and cross-defendants, in Los Angeles Superior Court case numbers: PC043627, PC043974, PC044166, PC044236, 08S01416, PC045442, PC043861, PC044166, PC044458, 09S00009, and 09C00013.

Developer's duty to defend, indemnify, and hold harmless the Indemnified Parties includes, but is not limited to, bodily injury, death, property damage, and other damage (including, but limited to, economic loss, and liability arising from contract, tort, patent, copyright, trade secret, or trademark infringement).

(C) In the event that California Civil Code Section 2782.8 is determined by a court of competent jurisdiction to apply to iStar's indemnity and defense obligations under section 1.3(B), as to the design-related services provided by Developer, then, with respect to such design-related services only, iStar agrees to indemnify, defend, and hold harmless the Indemnified Parties from and against any and all liability, loss, injury or damage, including, but not limited to, demands, claims, lawsuits, actions, proceedings, judgments, settlements, awards, fees, costs, and expenses (including any fees of accountants, attorneys, experts, or other professionals, and costs of investigation, mediation, arbitration, litigation, and appeal), that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of Developer in connection with the development of the Project. However, irrespective of the applicability of California Civil Code Section 2782.8 as to the design-related services provided by the Developer, with respect to any non-design-related services (including, but not limited to, construction services) provided by Developer, iStar shall defend, indemnify and hold harmless the Indemnified Parties in accordance with the terms stated in section 1.3(B).

(D) The indemnity and defense obligations provided for in this Agreement shall survive the termination, rescission, breach, abandonment, or completion of the Agreement, except termination or rendering of the Agreement null and void pursuant to Section 1.2(G).

(E) The indemnity and defense obligations provided for in this Agreement shall not be limited by any assertion that the Indemnified Parties are liable by reason of non-delegable duty.

(F) The indemnity and defense obligations in this Agreement shall not affect the tolling provisions provided in section 1.2(A). All tolling provisions outlined in section 1.2(A) shall remain valid and in effect.

(G) iStar hereby guarantees prompt payment to the County for any damages suffered by the County and/or Waterworks District No. 36, if the value of the lien which has been provided pursuant to Paragraph 1.2(G) hereof, in substitution for and in order to exonerate the existing bonds as a result of this Agreement, are insufficient to pay for the purposes they are required. If there is a dispute as to the amount of any such damages, iStar agrees to promptly pay the undisputed portion of the damages, and to cooperatively resolve the disputed portion with the County and/or Waterworks District No. 36.

(H) The County and its Special Districts, including Los Angeles County Waterworks District No. 36, shall notify iStar promptly, and in any event within 3 business days, after it becomes aware of any such claim, and shall cooperate with iStar in the defense of and counterclaim against the maker of such a claim.

1.4 Waiver of Water Connection Fees.

Concurrent with the execution of this Agreement, the District hereby waives all water connection fees for each unit on the Property which represents a total fee waiver of \$1,199,660. The waiver of Water Connection fees shall be provided as a credit against the Water Connection fees pursuant to the Waterworks Rules and Regulations of 1-A-46, excepting that the credits will be applied to the District's connection fees at the time the individual lot's water meters are

connected to the District's water service. This credit is based upon a water connection fee of \$5,740 per 1 inch meter times the 209 currently entitled units on the Property. If any project modifications occur that result in an increase in entitled units or lots that would permit smaller meters with lower connection fees, the total credit of \$1,199,660 shall remain in effect. The water connection credits shall remain available until December 31, 2020.

1.5 Termination of Set Aside Agreement.

Upon execution of the Successor in Interest Letter, and upon compliance with the requirements of Section 1.2 hereof, the 1/9/07 Set Aside Letter by iStar shall be null and void and of no further legal force or effect, and all claims to the \$1 million set aside are released. Upon termination of the set aside funding commitment letter, iStar shall have immediate, unconditional access to any and all funds placed in escrow or subject to the set aside, if any, or any other segregated account per the terms of the set aside funding commitment letter and the January 8, 2007 Well Construction Agreement between Los Valles, the County and the District.

1.6 Confirmation of Bridge and Thoroughfare Fees.

The County hereby confirms that Los Valles has paid and/or has credit for Bridge and Thoroughfare fees for 244.75 units, including 50 units for Phase I of Tract Map 52584 (recorded), 70 Equivalent Units for the entitled golf course, 39.75 Equivalent Units for the entitled club house building, and 85 units for Phase II of Tract Map 52584 (not yet recorded). The County further confirms that said payments and/or credits for the Equivalent Units can be applied to single family homes in lieu of the golf course and clubhouse. The County further confirms that all paid and/or credited units shall not be subject to any supplemental Bridge and Thoroughfare fees, costs, mitigations or exactions of any kind or nature whatsoever, to record 194.75 additional units, including Phase II of Tract Map 52584.

2. Releases and Reserved Claims.

2.1 Los Valles' and iStar Release of Claims.

Except for the rights, duties, reservations and obligations set forth in this Agreement, and in consideration of the covenants and payments set forth herein, and only upon receipt by iStar of the Settlement Payment from the County provided in paragraph 1.1 hereof, Los Valles and iStar, for themselves and on behalf of any and all persons, entities, predecessors and/or successors who may purport to claim by or through them (collectively "Los Valles/iStar Releasers"), hereby release and forever discharge the County and the District and their past, present and future agencies, departments, members of the County Board of Supervisors, officers, directors, members, principals, attorneys, agents, servants, representatives, employees (collectively the "County/District Releasees") of and from any and all past, present, or future lawsuits, actions, claims, regulatory claims, demands, obligations, orders, or compliance proceedings arising out of the completion and transfer of the Improvements, whether based on federal law, state law, or upon any contract.

2.2 Los Valles' Reserved Claims.

Los Valles' and iStar's release of the County/District Releasees expressly excludes any past, present, or future claims, suits, orders, demands, obligations, costs or expenses, whether private or public, associated with or arising out of any of the following:

- (A) any rights, duties or obligations created pursuant to this Agreement from and after the date hereof,
- (B) any regulatory requirements, orders or directives to reengineer and/or replace the Improvements based on a finding that the Improvements as reviewed and approved by the

County are inadequate by reason of their failure to comply with past, present, or future regulatory standards or requirements.

The foregoing reservations are collectively referred to as "Los Valles'/iStar's Reserved Claims."

2.3 No Waiver.

By Los Valles' and iStar's release of the County/District Releasees pursuant to paragraph 2.1 hereof, neither Los Valles nor iStar shall be deemed to have waived, and each specifically reserves all rights, whether based in tort, contract, federal or state law, or on any other theory of recovery, to recover from the County any costs, damages and expenses associated with Los Valles'/iStar's Reserved Claims.

2.4 County's Release of Claims.

Except for the rights, duties, reservations and obligations set forth in this Agreement, and in consideration of the covenants set forth herein, the County and the District, for themselves and on behalf of any and all persons, entities, predecessors and/or successors who may purport to claim by or through them, (collectively "County/District Releasers") hereby releases and forever discharges Los Valles and iStar and each of their parent, affiliated and related entities, successors, officers, directors, members, principals, attorneys, agents, servants, representatives, employees (collectively "Los Valles/iStar Releasees") of and from any and all past, present, or future lawsuits, actions, claims, regulatory claims, demands, obligations, orders, or compliance proceedings, associated with the completion and transfer of the Improvements, whether based on federal law, state law, or upon any contract.

2.5 County's and District's Reserved Defenses.

With respect to Los Valles/iStar's Reserved Claims, and excepting the County's and the District's obligations pursuant to paragraph 1.3 hereof, the County and the District reserve all defenses with respect to such claims, whether based in tort, contract, federal or state law, or on any other factual or legal theory.

2.6 Covenant Not to Sue.

The Parties hereby covenant and agree not to institute or prosecute any action or proceeding based on any of the claims which are released by this Agreement.

3. Representations and Warranties.

3.1 No Promises or Assurances.

The Parties each represent and warrant to the other that none of them nor any of their respective agents, representatives or attorneys nor any other person or entity in order to induce any of the Parties to enter into this Agreement have made any promise, assurance, representation, inducement or warranty whatsoever, whether express or implied or statutory, which is not specifically set forth in writing in this Agreement, and further acknowledge that this Agreement has not been entered into in reliance upon any promise, assurance, representation, inducement or warranty not expressly set forth in writing in this Agreement. The Parties each further represent and warrant that there are no agreements, representations, promises, assurances, inducements or understandings between them not expressly set forth in writing in this Agreement.

3.2 Independent Legal Advice.

The Parties each represent and warrant to the other that they have received independent legal advice from their respective attorneys with respect to the advisability of making the settlement provided for herein, and with respect to the advisability of executing this Agreement,

and that this Agreement was subject to revision and modification by Los Valles, iStar, the District and the County.

3.3 Authority to Execute.

The Parties each represent and warrant to the other that they have the authority to enter into this Agreement, that any person executing this Agreement in a representative capacity is duly authorized to do so, and that each person executing this Agreement in a representative capacity represents, warrants and covenants that he/she is duly authorized to do so pursuant to appropriate bylaw or resolution or other authority. Los Valles and iStar acknowledge that this Agreement must be presented to and approved by the County Board of Supervisors and the District's Board.

3.4 Voluntary Agreement.

The Parties each represent and warrant to the other that they have read and understand this Agreement and that this Agreement is executed voluntarily and without duress or undue influence on the part of or on behalf of any party hereto. The Parties hereby acknowledge that they have been represented in the negotiations and preparation of this Agreement by counsel of their own choice, and that they have read this Agreement and had it fully explained to them by such counsel, and that they are fully aware of the contents of this Agreement and of the legal effect of each and every provision herein.

4. Miscellaneous.

4.1 Implementation of Agreement. The Parties shall each execute any and all other documents and take any and all further steps which may be necessary or appropriate to further or implement the terms of this Agreement.

4.2 **Entire Agreement.** This Agreement constitutes the entire agreement between and among the Parties pertaining to its subject matter and supersedes any and all prior or contemporaneous agreements, representations, promises, assurances, inducements, negotiations or understandings between the Parties, if any, relative to settlement, release and/or the claims released, which are hereby merged herein.

4.3 **Amendments to Agreement.** No supplement, modification, waiver or amendment of this Agreement shall be effective or binding unless executed in writing by all of the Parties to which it applies. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision, whether or not similar, nor shall any one waiver constitute a continuing waiver. No waiver shall be effective or binding unless executed in writing by the Party(ies) making such waiver.

4.4 **Counterparts.** This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which shall together constitute but one and the same instrument. Fax signatures shall be deemed sufficient to make this Agreement binding; however, the originals shall be promptly delivered to counsel.

4.5 **Successors and Assigns.** This Agreement shall inure to the benefit of, and shall be binding upon, each of the Parties and any and all of their respective affiliates, successors in interest, predecessors in interest, assignees, lawyers, accountants, partners, officers, directors, agents, shareholders, employees, investigators and any and all other persons and entities now, heretofore or hereafter having any involvement or interest whatsoever with respect to the subject matter of this Agreement and/or the claims released herein and/or who has acted in any manner on behalf of or attributable to any of the Parties. A fully executed copy of this Agreement shall

be recorded in the Office of the Los Angeles County Recorder within thirty (30) days of execution.

4.6 **Choice of Law.** This Agreement shall be construed in accordance with, and shall be governed by, the laws of the State of California without giving effect to the choice of law principles thereof. If any provision of this Agreement or application thereof to anyone or under any circumstances is adjudicated to be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect any other provision or application and shall not invalidate or render unenforceable such provision or application in any other jurisdiction.

4.7 **No Admission.** This Agreement and the settlement contemplated herein, including the payment referred to herein, reflect the settlement of claims which are denied and contested, and nothing contained herein is to be construed as an admission of liability on the part of any party.

4.8 **Survival of Representations and Warranties.** The warranties and representations made in this Agreement are deemed to survive the execution of this Agreement.

4.9 **Attorney's Fees.** In the event either Party initiates litigation to enforce any provision of this Agreement, the prevailing Party shall be entitled to recover all reasonable costs and expenses (including, without limitation, the reasonable fees and disbursements of legal counsel) incurred in connection with the enforcement of this Agreement. The Parties shall not be entitled to recover attorney's fees and costs under this Agreement in any litigation involving the Parties' "Reserved Claims" pursuant to Paragraphs 2.2 and 2.5 of the Agreement, unless attorney's fees and costs for such Reserved Claims are otherwise recoverable under any other agreements or at law or equity.

4.10 Notices. All notices, demands or requests provided for or permitted to be given pursuant to this Agreement must be in writing and shall be hand delivered or sent by (i) registered or certified mail, postage pre-paid, return receipt requested, or (ii) a nationally recognized courier service. Notices shall be addressed to the other Party with the addresses set forth below or such other address as it may theretofore specify by like notice:

If to Los Valles or iStar:

Steven H. Magee
iStar Financial, Inc.
Executive Vice President
5 Park Plaza
Suite 1640
Irvine, CA 92614

With Copy to:

David P. Waite, Esq.
Jeffer Mangels Butler & Mitchell LLP
1900 Avenue of the Stars, 7th Floor
Los Angeles, CA 90067

Benzion J. Westreich, Esq.
Katten Muchin Rosenman LLP
2029 Century Park East
Suite 2600
Los Angeles, CA 90067

If to the County:

Andrea Sheridan Ordin, Esq.
County Counsel
Office of County Counsel
648 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

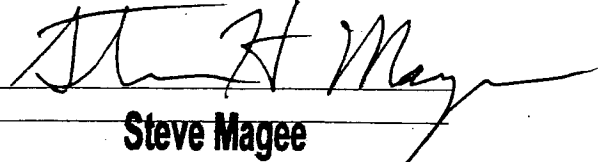
Adam Ariki
General Manager
Los Angeles County Waterworks District No. 36, Val Verde
P.O. Box 1460
Alhambra, CA 91802-1460

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date or dates set forth below.

Los Valles Company, L.P.

Date: 8-5-11

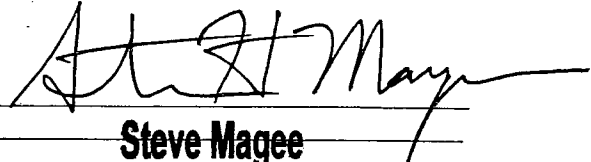
By:
Its:


Steve Magee
Executive Vice President

iStar Financial, Inc.

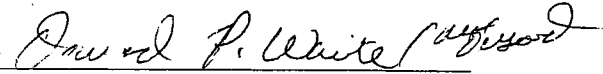
Date: 8-5-11

By:
Its:


Steve Magee
Executive Vice President

APPROVED AS TO FORM:

Date: 8-8-11


David P. Waite, Esq.
Jeffer Mangels Butler & Mitchell LLP
Attorneys for Los Valles Company, L.P. and
iStar Financial, Inc.

COUNTY OF LOS ANGELES

Date: 8. 11. 11

By: D. Codomo
Its: DEPUTY DIRECTOR, DPW

LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 36

Date: 8. 11. 11

By: D. Codomo
Its: DEPUTY DIRECTOR

APPROVED AS TO FORM:

Date: 8-10-2011

Michael L. G. Moore

Andrea Sheridan Ordin, Esq.
County Counsel
Attorneys for
COUNTY OF LOS ANGELES

EXHIBIT "A"

EXHIBIT "ONE"

PARCEL 1: (APN 2866-052-001, 2866-001-017, 2866-001-078, 2866-001-080, 2866-001-071, 2866-001-074, 3247-032-01, 3247-032-35 AND 3247-032-043 TO 045, INCLUSIVE)

PARCEL 1 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 101,922, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH RECORDED MAY 24, 2002 AS INSTRUMENT NO. 02-1208159 OF OFFICIAL RECORDS.

EXCEPT THEREFROM THAT PORTION LYING WITHIN PARCEL 2 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 101,922, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH RECORDED MAY 24, 2002 AS INSTRUMENT NO. 02-1208159 OF OFFICIAL RECORDS.

ALSO EXCEPT THEREFROM THAT PORTION LYING WITHIN PARCEL 5 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 101,923, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH RECORDED AUGUST 17, 2001 AS INSTRUMENT NO. 01-1524850 OF OFFICIAL RECORDS.

EXCEPT 50 PERCENT INTEREST IN ALL OIL, GAS, PETROLEUM, HYDROCARBONS AND OTHER KINDRED SUBSTANCES IN AND LYING UNDER SAID LAND, BUT WITHOUT SURFACE RIGHT OF ENTRY AS RESERVED BY LORETTA J. MAEDER AND ET AL., IN DEED RECORDED APRIL 15, 1963, IN BOOK D1991 PAGE 718, OFFICIAL RECORDS.

ALSO EXCEPT A 25 PERCENT INTEREST IN ALL OIL, GAS, PETROLEUM, HYDROCARBONS AND OTHER KINDRED SUBSTANCES IN AND LYING UNDER SAID LAND, WITHOUT THE RIGHT OF SURFACE ENTRY, BELOW A DEPTH OF 500 FEET, AS RESERVED BY EDMOND H. BURNS AND FLORENCE H. BURNS, HUSBAND AND WIFE, IN DEED RECORDED MAY 19, 1969 IN BOOK D-5373 PAGE 520, OFFICIAL RECORDS.

ALSO EXCEPT FROM THAT PORTION OF PARCELS 1 AND 3 OF SAID PARCEL MAP NO. 22559, BOOK 255, PAGES 46 THROUGH 58, DESCRIBED IN DEED RECORDED MARCH 12, 1956 AS INSTRUMENT NO. 726, IN BOOK 50563 PAGE 48 OFFICIAL RECORDS, AN UNDIVIDED ONE-THIRD OF ALL OIL, GAS AND OTHER RIGHTS AS RESERVED IN DEED FROM LEA STEVENS MCGILLIVRAE RECORDED MARCH 12, 1956 IN BOOK 50563 PAGE 48 OFFICIAL RECORDS.

ALL RIGHTS, TITLE AND INTEREST TO THE SURFACE AND THAT PORTION OF THE SUBSURFACE DOWN TO A DEPTH OF 500 FEET BELOW THE SURFACE THEREOF TOGETHER WITH ALL RIGHTS OF SURFACE ENTRY THEREON HAS BEEN QUITCLAIMED BY LEA STEVENS MCGILLIVRAE BY DEED RECORDED NOVEMBER 28, 1969 AS INSTRUMENT NO. 730, IN BOOK D4567 PAGE 44 OFFICIAL RECORDS.

ALSO EXCEPT FROM THAT PORTION OF PARCEL 1 OF SAID PARCEL MAP NO. 22559, BOOK 255, PAGES 46 THROUGH 58, DESCRIBED IN DEED RECORDED JULY 24, 1963 AS INSTRUMENT NO. 351, IN BOOK D2115 PAGE 150, OFFICIAL RECORDS, AN UNDIVIDED 50 PER CENT OF 100 PER CENT OF ALL OIL, GAS, MINERAL AND OTHER HYDROCARBON SUBSTANCES LYING IN OR UNDER SAID LAND, BUT WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED BY ANGELA HARRISON, A WIDOW, IN DEED RECORDED JULY 24, 1963 AS INSTRUMENT NO. 351, IN BOOK D2115 PAGE 150

OFFICIAL RECORDS.

ALSO EXCEPT FROM THAT PORTION OF PARCEL 1 OF SAID PARCEL MAP NO. 22559, DESCRIBED IN DEED RECORDED SEPTEMBER 13, 1990 AS INSTRUMENT NO. 90-1581309, ALL OIL AND GAS AS RESERVED BY THE UNITED STATES OF AMERICA IN DEED RECORDED SEPTEMBER 13, 1990 AS INSTRUMENT NO. 90-1581309.

ALSO EXCEPT FROM THAT PORTION OF SAID LAND DESCRIBED IN THE HEREINAFTER MENTIONED DEED, ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND LYING BELOW A DEPTH OF 500 FEET FROM THE SURFACE THEREOF; BUT WITH NO RIGHT OF SURFACE ENTRY, AS PROVIDED IN THE DEED RECORDED DECEMBER 6, 1999 AS INSTRUMENT NO. 99-2241409 AND RE-RECORDED APRIL 23, 2001 AS INSTRUMENT NO. 01-689940.

ALSO EXCEPT FROM SAID LAST MENTIONED PORTION OF SAID LAND, THE SUBSURFACE WATER RIGHTS, BUT WITHOUT THE RIGHT OF ENTRY TO THE SURFACE OR SUBSURFACE ABOVE A DEPTH OF 50 FEET, AS PROVIDED IN THE DEED RECORDED DECEMBER 6, 1999 AS INSTRUMENT NO. 99-2241409 AND RE-RECORDED APRIL 23, 2001 AS INSTRUMENT NO. 01-689940.

ALSO EXCEPT FROM THAT PORTION OF SAID LAND DESCRIBED IN THE HEREINAFTER MENTIONED DEED, ALL MINERAL INTERESTS, INCLUDING BUT NOT LIMITED TO ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES WHETHER NOW KNOWN TO EXIST OR HEREFTER DISCOVERED, INCLUDING BUT NOT LIMITED TO RIGHTS TO EXPLORE FOR, DEVELOP AND REMOVE SUCH OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, WITHOUT, HOWEVER, ANY RIGHT TO USE THE SURFACE OF SAID LAND OR ANY OTHER PORTION THEREOF INCLUDING THE RIGHT OF SURFACE ENTRY FOR A DEPTH OF 200 FEET MEASURED FROM THE SURFACE OF SUCH REAL PROPERTY FOR ANY PURPOSE WHATSOEVER, AS RESERVED IN THE DEED RECORDED FEBRUARY 18, 2003 AS INSTRUMENT NO. 03-0470027.

ALSO EXCEPT FROM THAT PORTION OF SAID LAND DESCRIBED IN THE HEREINAFTER MENTIONED DEED, ALL MINERAL INTERESTS, INCLUDING BUT NOT LIMITED TO ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES WHETHER NOW KNOWN TO EXIST OR HEREFTER DISCOVERED, INCLUDING BUT NOT LIMITED TO RIGHTS TO EXPLORE FOR, DEVELOP AND REMOVE SUCH OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, AND INCLUDING THE RIGHT TO USE THE SURFACE OF SAID LAND AND ANY OTHER PORTION THEREOF INCLUDING THE RIGHT OF SURFACE ENTRY, AS RESERVED BY AMERICAN ENERGY OPERATIONS, INC., A CALIFORNIA CORPORATION, IN THE DEED RECORDED FEBRUARY 18, 2003 AS INSTRUMENT NO. 03-0470030.

THE RIGHT OF SURFACE ENTRY TO THE SURFACE AND THAT PORTION OF THE SUBSURFACE TO A DEPTH OF 500 FEET OF SAID LAND WAS QUITCLAIMED BY QUITCLAIM DEED EXECUTED BY AMERICAN ENERGY OPERATIONS, INC., A CALIFORNIA CORPORATION, RECORDED JULY 28, 2003 INSTRUMENT NO. 03-2134554.

PARCEL 2: (APN 3247-032-048)

PARCEL 2 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 101,922, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH RECORDED MAY 24, 2002 AS INSTRUMENT NO. 02-1208159 OF OFFICIAL RECORDS.

EXCEPT 50 PERCENT INTEREST IN ALL OIL, GAS, PETROLEUM, HYDROCARBONS AND OTHER KINDRED SUBSTANCES IN AND LYING UNDER SAID LAND, BUT WITHOUT SURFACE RIGHT OF ENTRY AS RESERVED BY LORETTE J. MAEDER AND ET AL., IN DEED RECORDED APRIL 15, 1963,

IN BOOK D 1991 PAGE 718, OFFICIAL RECORDS.

ALSO EXCEPT A 25 PERCENT INTEREST IN ALL OIL, GAS, PETROLEUM, HYDROCARBONS AND OTHER KINDRED SUBSTANCES IN AND LYING UNDER SAID LAND, WITHOUT THE RIGHT OF SURFACE ENTRY, BELOW A DEPTH OF 500 FEET, AS RESERVED BY EDMOND H. BURNS AND FLORENCE H. BURNS, HUSBAND AND WIFE, IN DEED RECORDED MAY 19, 1969 IN BOOK D-5373 PAGE 520, OFFICIAL RECORDS.

ALSO EXCEPT THEREFROM, ALL MINERAL INTERESTS, INCLUDING BUT NOT LIMITED TO ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES WHETHER NOW KNOWN TO EXIST OR HEREAFTER DISCOVERED, INCLUDING BUT NOT LIMITED TO RIGHTS TO EXPLORE FOR, DEVELOP AND REMOVE SUCH OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, WITHOUT, HOWEVER, ANY RIGHT TO USE THE SURFACE OF SAID LAND OR ANY OTHER PORTION THEREOF INCLUDING THE RIGHT OF SURFACE ENTRY FOR A DEPTH OF 500 FEET MEASURED FROM THE SURFACE OF SUCH REAL PROPERTY FOR ANY PURPOSE WHATSOEVER, AS RESERVED IN THE DEED RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134552.

PARCEL 3: (APN 2866-001-077)

PARCEL 5 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 101,923, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH RECORDED AUGUST 17, 2001 AS INSTRUMENT NO. 01-152850 OF OFFICIAL RECORDS.

EXCEPT THEREFROM, ALL MINERAL INTERESTS, INCLUDING BUT NOT LIMITED TO ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES WHETHER NOW KNOWN TO EXIST OR HEREAFTER DISCOVERED, INCLUDING BUT NOT LIMITED TO RIGHTS TO EXPLORE FOR, DEVELOP AND REMOVE SUCH OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, WITHOUT, HOWEVER, ANY RIGHT TO USE THE SURFACE OF SAID LAND OR ANY OTHER PORTION THEREOF INCLUDING THE RIGHT OF SURFACE ENTRY FOR A DEPTH OF 500 FEET MEASURED FROM THE SURFACE OF SUCH REAL PROPERTY FOR ANY PURPOSE WHATSOEVER, AS RESERVED IN THE DEED RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134546.

PARCEL 4: (APN 2866-001-015, 2866-001-016 AND 2866-001-029)

LOTS 2 AND 3 AND THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 2, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO BASE AND MERIDIAN, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE SEPTEMBER 6, 1880.

EXCEPT ALL OIL, GAS AND MINERALS IN AND UNDER SAID LAND AS RESERVED IN THE PATENT FROM UNITED STATES OF AMERICA, RECORDED MAY 7, 1947 IN BOOK 24535 PAGE 351, OFFICIAL RECORDS.

PARCEL 5:

A NON-EXCLUSIVE EASEMENT FOR ACCESS, INGRESS AND EGRESS, AND THE RIGHT TO INSTALL AND MAINTAIN A DRIVEWAY, CURBS, CURB CUTS, PAVING AND RELATED IMPROVEMENTS, AS PROVIDED BY THAT CERTAIN "EASEMENT AGREEMENT" RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134547, OFFICIAL RECORDS OF LOS ANGELES COUNTY, OVER THAT PORTION OF SECTION 2, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, LYING WITHIN A STRIP OF LAND 24 FEET WIDE, AS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 2, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, BEING A STRIP OF LAND 24.00 FEET WIDE, THE EASTERLY LINE OF SAID STRIP BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 2, WITH THE CENTERLINE OF HASLEY CANYON ROAD, 40.00 FEET WIDE, AS DESCRIBED IN THE DEED RECORDED IN BOOK 5595, PAGE 332 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID CENTERLINE SOUTH 89°48'34" EAST 459.98 FEET TO THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID CENTERLINE NORTH 00°00'25" WEST 126.39 FEET.

THE WESTERLY LINE OF SAID STRIP IS TO TERMINATE NORTHERLY IN A LINE THAT BEARS NORTH 63°43'23" WEST FROM THE NORTHERLY TERMINUS OF THAT CERTAIN COURSE HEREIN DESCRIBED AS NORTH 00°00'25" WEST 126.39 FEET AND TO TERMINATE SOUTHERLY AT THE CENTERLINE OF SAID HASLEY CANYON ROAD, 80.00 FEET WIDE.

EXCEPTING THEREFROM THAT PORTION WITHIN SAID HASLEY CANYON ROAD.

PARCEL 6:

A NON-EXCLUSIVE EASEMENT FOR ACCESS TO AND THE RIGHT TO INSTALL AND MAINTAIN LANDSCAPING, FENCING, AND SCREENING, AS PROVIDED BY THAT CERTAIN "EASEMENT AGREEMENT" RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134547, OFFICIAL RECORDS OF LOS ANGELES COUNTY, OVER THAT PORTION OF SECTION 2, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 2, IN TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE EAST LINE OF THE SOUTHEAST QUARTER OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN WITH THE CENTERLINE OF HASLEY CANYON ROAD, 40.00 FEET WIDE, AS DESCRIBED IN THE DEED RECORDED IN BOOK 5595, PAGE 332 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID CENTERLINE NORTH 89°48'34" WEST 514.82 FEET TO AN ANGLE POINT THEREIN; THENCE CONTINUING ALONG SAID CENTERLINE NORTH 70°55'27" WEST 45.19 FEET; THENCE LEAVING SAID CENTERLINE NORTH 03°36'18" EAST 223.96 FEET; THENCE NORTH 65°06'18" EAST, 94.00 FEET; THENCE NORTH 03°36'18" EAST, 98.00 FEET; THENCE NORTH 78°08'53" EAST, 190.48 FEET; THENCE NORTH 06°18'57" WEST, 340.30 FEET; THENCE NORTH 87°45'06" EAST, 139.77 FEET; THENCE SOUTH 52°01'14" EAST, 99.93 FEET; THENCE SOUTH 35°31'39" EAST, 147.19 FEET TO THE COMMON LINE BETWEEN SAID SECTIONS 2 AND 3 AND THE TRUE POINT OF BEGINNING; THENCE SOUTH 72°20'30" EAST, 60.84 FEET; THENCE SOUTH 11°02'22" EAST, 114.00 FEET; THENCE NORTH 72°20'30" WEST, 83.96 FEET TO A POINT IN SAID COMMON LINE BETWEEN SECTIONS 2 AND 3, SAID POINT BEING SOUTH 00°06'40" WEST 104.88 FEET FROM THE TRUE POINT OF BEGINNING; THENCE ALONG SAID COMMON LINE NORTH 00°06'40" WEST 104.88 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 7:

A NON-EXCLUSIVE EASEMENT FOR ACCESS, INGRESS AND EGRESS, AND THE RIGHT TO INSTALL AND MAINTAIN A DRIVEWAY, CURBS, CURB CUTS, PAVING AND RELATED IMPROVEMENTS, AS PROVIDED BY THAT CERTAIN "EASEMENT AGREEMENT" RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134558, OFFICIAL RECORDS OF LOS ANGELES COUNTY, OVER THAT PORTION OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, LYING WITHIN A STRIP OF LAND 24 FEET WIDE, AS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, BEING A STRIP OF LAND 24.00 FEET WIDE, THE WESTERLY LINE OF SAID STRIP BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 3, WITH THE CENTERLINE OF HASLEY CANYON ROAD, 40.00 FEET WIDE, AS DESCRIBED IN THE DEED RECORDED IN BOOK 5595, PAGE 332 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID CENTERLINE NORTH 89°48'34" WEST 514.82 FEET TO AN ANGLE POINT THEREIN; THENCE CONTINUING ALONG SAID CENTERLINE NORTH 70°55'27" WEST 45.19 FEET TO THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID CENTERLINE NORTH 03°36'18" EAST 223.96 FEET.

THE EASTERLY LINE OF SAID STRIP IS TO TERMINATE NORTHERLY IN A LINE THAT BEARS NORTH 65°06'18" EAST FROM THE NORTHERLY TERMINUS OF THAT CERTAIN COURSE HEREIN DESCRIBED AS NORTH 03°36'18" EAST 223.96 FEET AND TO TERMINATE SOUTHERLY AT THE CENTERLINE OF SAID HASLEY CANYON ROAD, 40.00 FEET WIDE.

EXCEPTING THEREFROM THAT PORTION WITHIN SAID HASLEY CANYON ROAD.

PARCEL 8:

A NON-EXCLUSIVE EASEMENT FOR ACCESS TO AND THE RIGHT TO INSTALL AND MAINTAIN LANDSCAPING, FENCING, AND SCREENING, AS PROVIDED BY THAT CERTAIN "EASEMENT AGREEMENT" RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134558, OFFICIAL RECORDS OF LOS ANGELES COUNTY, OVER THAT PORTION OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 3, WITH THE CENTERLINE OF HASLEY CANYON ROAD, 40.00 FEET WIDE, AS DESCRIBED IN THE DEED RECORDED IN BOOK 5595, PAGE 332 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID CENTERLINE NORTH 89°48'34" WEST 514.82 FEET TO AN ANGLE POINT THEREIN; THENCE CONTINUING ALONG SAID CENTERLINE NORTH 70°55'27" WEST 45.19 FEET; THENCE LEAVING SAID CENTERLINE NORTH 03°36'18" EAST 223.96 FEET; THENCE NORTH 65°06'18" EAST, 94.00 FEET; THENCE NORTH 03°36'18" EAST, 98.00 FEET; THENCE NORTH

ALTA Loan Policy (10-17-92) w/Form 1 Cov.

Order No. 9851188
Policy No. 27-042-92 3657353

78°08'53" EAST, 190.48 FEET; THENCE NORTH 06°16'57" WEST, 240.05 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG LAST MENTIONED LINE NORTH 06°16'57" WEST 100.25 FEET; THENCE NORTH 87°45'06" EAST, 139.77 FEET; THENCE SOUTH 52°01'14" EAST, 99.93 FEET; THENCE SOUTH 35°31'39" EAST, 147.19 FEET TO THE COMMON LINE BETWEEN SECTION 3 AND SECTION 2, BOTH IN TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN; THENCE ALONG SAID COMMON LINE SOUTH 00°06'40" WEST 104.88 FEET; THENCE NORTH 72°20'30" WEST, 64.90 FEET; THENCE NORTH 35°31'39" WEST, 165.97 FEET; THENCE NORTH 52°01'14" WEST, 48.81 FEET; THENCE SOUTH 87°45'06" WEST, 96.10 FEET TO THE TRUE POINT OF BEGINNING.

EXHIBIT "B"

EXHIBIT B

PALMER WELL REMAINING WORK

Los Valles Booster Station, Well and Tank

List of Tasks to be Completed

Date: 2-14-11

1. Slope protection at three places to protect the slope from erosion (complete), Check gravel areas and install gravel drainage (Macias)
2. Installation of 3 ton hoist (BWP/Staats)
3. Complete the electrical wiring (Sitco)
 - a. Wire the radio antenna
 - b. Complete the PLC I/O terminations and other miscellaneous wiring.
 - c. Power up station and verify wiring.
4. Check the completed wiring by Engineer (Stetson/Calpower/Dist 36)
5. Verify Fire Department Approval or arrange final walk through (Kaplinski/Stetson)
6. Finalize CalARP (/Kaplinski/Risk Management Inc.)
7. Installation of the nitrogen cylinders by TGO. Kaplinski to Coordinate
8. Redevelopment of the well (Stetson/Staats)
 - a. Connect existing "spare line" pipeline to well and to culvert under Hasley Canyon Drive for discharge (Staats/Macias)
 - b. Regional Water Quality Control Board Notification (Kaplinski)
 - c. Water Quality Samples (Staats)
 - d. Well performance measurement (depth to water)
Note: Pending results of 8.d, the well re-development may also require cleaning, development by swabbing and airlifting, and development by pumping.
Note: Completion of Item 8 requires passing water quality testing per approved plans and specifications.
9. Re-chlorination of well if water quality testing (6. c above) indicates it is necessary (BWP/Staats)
Note: Completion of Item 9 requires passing water quality testing per approved plans and specifications.
10. Chlorination of the tank (BWP/Staats)
 - a. 300,000 gallons tank
Note: Completion of Item 10 requires passing water quality testing per approved plans and specifications
11. Chlorination of the pipelines (Staats)
Note: Completion of Item 11 requires passing water quality testing per approved plans and specifications
12. Functional description and control narrative finalization (Westin, LAC, Stetson/Kaplinski)
13. Programming the RTU's (Westin/LAC/Kaplinski)
14. Prepare As-builts (Stetson)
15. Coordinate vendors for installation check of equipment (Stetson/Kaplinski)
 - a. Chlorinators (TGO)
 - b. Chlorination Control (Misco)
 - c. Leak Detectors

- d. Chemsan analyzer
- e. Miscellaneous Instruments
- 16. Preparation of commissioning plan (Stetson)
- 17. Introduction of water to the tank (BWP/Staats/Stetson)
- 18. Ordering and Loading of chemicals (LAC)
- 19. Coordinate vendors for start-up and testing (Stetson/Kaplinski)
- 20. Start-up (Stetson/BWP/Westin/Misco/Kaplinski)

Additional Notes:

1. Ester Brawley of RMP indicated that Teresa Quiaoit to whom the PHA paperwork was submitted is no longer dealing with this project. Mr. Michael Whitehead will replace her. All the paper work may need to be re-submitted to Mr. Michael Whitehead. Ester Brawley of RMP will go ahead and re-submit the papers.
2. Frank Ledesma of the Fire department of Petroleum-Chemical Unit is no longer work with the bureau. We submitted the paper work to Mr. Frank Ledesma for Fire Department approval about one year back. We will have to find out who is responsible for this project at this time and re-submit the papers.
3. Ester Brawley of RMP indicated that there is a new requirement for the registration for the chlortainers with EPA. The two chlortainers need to be registered with EPA electronically. Ester Brawley of RMP will help to get it done.
4. TGO Technologies will send nitrogen cylinders to the site for installation. Please confirm the site address. These nitrogen cylinders should be installed by BWP as shown in the TGO plans
5. There is a chlorine evacuation device that will be installed inside the chlortainer. Denton left this particular device inside the chlortiner. TGO technologies will install this device when they come to the site. Please make sure it is there. If it is missing, we will have to reorder it.
6. There are two mechanical winches on the loading rack of the chlortainers. The last inspection on February 8, 2011, these were not electrically connected. These connections need to be completed.

Additional Requirements:

- A. Completion of required easement for access.
- B. Completion of Improvement documentation, including but not limited to as built drawings, O & M manuals, and warranty deeds.
- C. Completion of all outstanding permits related to the construction of the access road.
- D. Removal of Graffiti from pump building, tank and electrical panels.

EXHIBIT "C"



GAIL FARBER, Director

COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

900 SOUTH FREMONT AVENUE
ALHAMBRA, CALIFORNIA 91803-1331
Telephone: (626) 458-5100
<http://dpw.lacounty.gov>

COPY

ADDRESS ALL CORRESPONDENCE TO:
P.O. BOX 1460
ALHAMBRA, CALIFORNIA 91802-1460

IN REPLY PLEASE
REFER TO FILE **WW-2**

February 16, 2010

Mr. Chuck Gilman, P.E., Director of Engineering
Land Design Consultants, Inc.
199 South Los Robles Avenue, Suite 250
Pasadena, CA 91101

RECEIVED
FEB 23 2010
LDC INC.

Dear Mr. Gilman:

**TRANSMITTAL OF EASEMENT DOCUMENT AND SUBORDINATION
AGREEMENTS FOR EXECUTION BY AUTHORIZED SIGNATORIES
SPECIFICATION NO. 36-72
ASSESSOR'S IDENTIFICATION NOS. 2866-062-026 AND 030 (PORTIONS)
AND 3247-032-051 (PORTION)**

Enclosed are one original and one duplicate copy of the easement document for Specification No. 36-72. Please have the original executed by the authorized signatory of Los Valles Company, L.P. The duplicate copy is for the signatory's records. Once executed and acknowledged, please return the original to Ms. Sunny Chow for further processing.

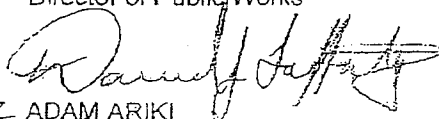
Also enclosed are one original and one duplicate copy for each of the beneficiaries named in the two Deeds of Trust on record. Please have each original subordination agreement executed by the duly authorized signatory of each named beneficiary. The duplicate copies are for each signatory's records. Once executed and acknowledged, please return the originals to Ms. Chow for further processing. In the return package, please also include copies of all applicable resolutions, operating agreements, and other delegations of authority necessary to support the execution of the said agreements by each respective signatory. A list has been included outlining the needed support materials for IStar Financial Inc.; Los Valles Land and Golf, LLC; Palmer-Los Valles, LLC; and Palmer Investments, Inc.

Mr. Chuck Gilman
February 16, 2010
Page 2

If you have any questions, please contact Ms. Chow at (626) 300-3341.

Very truly yours,

GAIL FARBER
Director of Public Works


FAR ADAM ARIKI
Assistant Deputy Director
Waterworks Division

JO:ea
H:\WWW\HOME\Armstrong\2010 letters\Letter to LDC_Doc Transmittal_Spec 36-72.doc

Enc.

RECORDING REQUESTED BY
LOS ANGELES COUNTY
WATERWORKS DISTRICT NO. 36

WHEN RECORDED MAIL TO:
Los Angeles County Waterworks Division
P.O. Box 1460
Alhambra, CA. 91802-1460
Attn: Jeff Owens

THIS DOCUMENT IS EXEMPT FROM DOCUMENTARY
TRANSFER TAX PURSUANT TO SECTION 11922 OF THE
REVENUE & TAXATION CODE

THIS DOCUMENT IS EXEMPT FROM RECORDING FEES
PURSUANT TO SECTION 27363 OF THE GOVERNMENT
CODE.

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Assessor's Identification Numbers:
2866-062-026 & 030 (portions) and
3247-032-051 (portion)

EASEMENT

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

SFI LOS VALLES LLC, a Delaware limited liability company,

hereinafter referred to as GRANTOR, does hereby grant to the **LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 36, VAL VERDE**, a governmental agency, hereinafter referred to as DISTRICT, an easement for water pipelines and appurtenances and ingress/egress purposes and the right to construct, operate, maintain, and use same in, on, over, and across the real property in the unincorporated territory of the County of Los Angeles, State of California, described in Exhibit "A" and shown on Exhibit "B" as PARCEL 1, both exhibits attached hereto and by this reference made a part hereof.

Together with a perpetual easement for access road purposes in, on, over, and across the real property in the unincorporated territory of the County of Los Angeles, State of California, described in said Exhibit "A" and shown on said Exhibit "B" as PARCEL 1 and PARCEL 2.

Together with a slope easement for and the right to construct, maintain, operate, and use cuts, and/or fills and appurtenant structures in, on, over, and across the real property in the unincorporated territory of the County of Los Angeles, State of California, described in Exhibit "C" and shown on Exhibit "D" as PARCEL 3.

SEE ATTACHED EXHIBITS "A", "B", "C", and "D".

Also together with the further right to enter upon and to pass and repass over and along said easements and rights of way and to deposit tools, implements, and other materials thereon, by said DISTRICT, its officers, agents, and employees and by persons under contract with said DISTRICT and their employees, whenever and wherever necessary for the purposes above set forth.

It is understood that each undersigned GRANTOR grants said easements only for that portion of the described land in which said GRANTOR has an interest.

Use of the surface of said property by the owner thereof shall be subject to the following conditions:

(A) At no point on said easement area shall there be any fill placed without prior approval of said DISTRICT; (B) the ground surface within the easement area shall not be lowered by grading or otherwise in such manner as to reduce the depth of cover to less than three (3) feet at any point above the top of any of said DISTRICT-owned facilities therein; (C) no permanent building, or other structure of whatever nature, shall be constructed upon any portion of the easement area. The erection of walls and fences and placement of landscaping shall be subject to prior approval of said DISTRICT; and (D) any and all uses of the easement area by the GRANTOR, subsequent to the granting of the easement, shall not restrict or inhibit the utilization of the easement by said DISTRICT for the intended purposes above set forth.

Easement Location:	Hasley Cyn Rd @ Los Valles Drive Castaic, CA. 91384
A.P.N.	2866-062-026 & 030 (portions) and 3247-032-051 (portion)
T.G.	4459 (E-4)
I.M.	279-077
S.D.	5
Waterworks District No. 36, Val Verde Specification No. 36-72 (See Spec. No. 36-73) Distribution Map Nos. H-15 & I-15	

NOTE: SIGNATURE AND ACKNOWLEDGEMENT FORM ON REVERSE SIDE

Date: _____, 2011

SFI LOS VALLES LLC, a Delaware limited liability company

By: _____, Executive Vice President
Steven Magee

ACKNOWLEDGEMENT FORM

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)

On _____, before me, _____, a Notary Public,
(INSERT NAME OF THE OFFICER) (INSERT TITLE OF THE OFFICER)

personally appeared _____,
(INSERT NAME(S) AND TITLE(S))

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument, the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

Signature _____

(Seal)

NOTARIES: ATTACH ADDITIONAL OR OTHER FORMS, IF REQUIRED

RECOMMENDED FOR ACCEPTANCE

Dated _____, 2011

**DEPARTMENT OF PUBLIC WORKS
WATERWORKS DIVISION**

By: _____
Jeffrey L. Owens
Supervising Cadastral Engineer II

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the within deed or grant to said Los Angeles County Waterworks District, a governmental agency, is hereby accepted and the Grantee consents to the recordation thereof.

Dated _____, 2011

By: _____
Adam Ariki
ASSISTANT DEPUTY DIRECTOR – WATERWORKS DIVISION

WATERWORKS DISTRICT NO. 36
SPECIFICATION NO. 36-72
DISTRIBUTION MAP NOS. H-15 AND I-15
A.P.N. 2866-062-026 AND 030 (PORTIONS)

LEGAL DESCRIPTION

PARCEL 1 (EASEMENT FOR WATER PIPELINES, APPURTENANCES, AND INGRESS/EGRESS PURPOSES AND FOR ACCESS ROAD PURPOSES):

THOSE PORTIONS OF LOTS 53 AND 59 OF TRACT NO. 52584-01, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 1329, PAGES 53 THROUGH 68, INCLUSIVE, OF MAPS, IN THE OFFICE OF THE REGISTRAR-RECORDER/COUNTY CLERK OF SAID COUNTY, WITHIN THE FOLLOWING DESCRIBED BOUNDARIES:

COMMENCING AT THE SOUTHERLY TERMINUS OF THAT CERTAIN COURSE HAVING A BEARING AND DISTANCE OF "NORTH 61.74 FEET" IN THE EASTERLY BOUNDARY OF SAID LOT 53; THENCE ALONG SAID CERTAIN COURSE, NORTH 00° 00' 00" WEST 28.26 FEET TO THE TRUE POINT OF BEGINNING, SAID POINT BEING THE BEGINNING OF A NON-TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 55.50 FEET, A RADIAL OF SAID CURVE TO SAID POINT BEARS NORTH 36° 29' 01" EAST; THENCE NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 15° 06' 28", AN ARC DISTANCE OF 14.63 FEET; THENCE, TANGENT TO SAID CURVE, NORTH 68° 37' 27" WEST 37.42 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 100.50 FEET; THENCE WESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 16° 50' 20", AN ARC DISTANCE OF 29.54 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 74.50 FEET; THENCE NORTHWESTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 39° 39' 59", AN ARC DISTANCE OF 51.58 FEET; THENCE, TANGENT TO SAID LAST MENTIONED CURVE, NORTH 45° 20' 18" WEST 121.56 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 55.50 FEET; THENCE NORTHWESTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 22° 09' 46", AN ARC DISTANCE OF 21.47 FEET; THENCE, TANGENT TO SAID LAST MENTIONED CURVE, NORTH 67° 30' 04" WEST 136.45 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 109.50 FEET; THENCE NORTHWESTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 32° 36' 53", AN ARC DISTANCE OF 62.33 FEET; THENCE, TANGENT TO SAID LAST MENTIONED CURVE, NORTH 34° 53' 11" WEST 256.27 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 55.50 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 41° 31' 54", AN ARC DISTANCE OF 40.23 FEET; THENCE, ALONG A PROLONGED RADIAL OF SAID LAST MENTIONED CURVE, NORTH 13° 34' 55" EAST 20.00 FEET

**WATERWORKS DISTRICT NO. 36
SPECIFICATION NO. 36-72
DISTRIBUTION MAP NOS. H-15 AND I-15
A.P.N. 2866-062-026 AND 030 (PORTIONS)**

TO A POINT ON THAT CERTAIN 30-FOOT RADIUS CURVE HAVING AN ARC DISTANCE OF 34.63 FEET IN THE NORTHEASTERLY BOUNDARY OF THAT CERTAIN 20-FOOT WIDE AND VARIABLE WIDTH EASEMENT FOR WATER PIPELINES AND APPURTENANCES AND DRAINAGE AND INGRESS/EGRESS PURPOSES IN SAID LOT 59, GRANTED TO THE LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 36, VAL VERDE, AS SHOWN ON SAID TRACT, SAID LAST MENTIONED CURVE DESIGNATED AS "C126" ON SAID TRACT, A RADIAL OF SAID LAST MENTIONED CURVE TO SAID LAST MENTIONED POINT BEARS NORTH 20° 09' 06" EAST; THENCE SOUTHEASTERLY ALONG A CURVE CONCENTRIC WITH AND DISTANT 20.00 FEET NORTHEASTERLY, MEASURED RADIALLY, FROM SAID LAST MENTIONED 55.50-FOOT RADIUS CURVE, THROUGH A CENTRAL ANGLE OF 41° 31' 54", AN ARC DISTANCE OF 54.73 FEET TO A LINE PARALLEL WITH AND DISTANT 20.00 FEET NORTHEASTERLY, MEASURED AT RIGHT ANGLES, FROM SAID COURSE HAVING A BEARING AND DISTANCE OF "NORTH 34° 53' 11" WEST 256.27 FEET"; THENCE ALONG SAID PARALLEL LINE, SOUTH 34° 53' 11" EAST 256.27 FEET TO THE BEGINNING OF A TANGENT CURVE CONCENTRIC WITH AND 20.00 FEET NORTHEASTERLY, MEASURED RADIALLY, FROM SAID 109.50-FOOT RADIUS CURVE; THENCE SOUTHEASTERLY ALONG SAID LAST MENTIONED CONCENTRIC CURVE THROUGH A CENTRAL ANGLE OF 32° 36' 53", AN ARC DISTANCE OF 50.95 FEET TO A LINE PARALLEL WITH AND DISTANT 20.00 FEET NORTHEASTERLY, MEASURED AT RIGHT ANGLES, FROM SAID COURSE HAVING A BEARING AND DISTANCE OF "NORTH 67° 30' 04" WEST 136.45 FEET"; THENCE ALONG SAID LAST MENTIONED PARALLEL LINE, SOUTH 67° 30' 04" EAST, 136.45 FEET TO THE BEGINNING OF A TANGENT CURVE CONCENTRIC WITH AND 20.00 FEET NORTHEASTERLY, MEASURED RADIALLY, FROM SAID 55.50-FOOT RADIUS CURVE HAVING AN ARC DISTANCE OF 21.47 FEET; THENCE SOUTHEASTERLY ALONG SAID LAST MENTIONED CONCENTRIC CURVE THROUGH A CENTRAL ANGLE OF 22° 09' 46", AN ARC DISTANCE OF 29.20 FEET TO A LINE PARALLEL WITH AND DISTANT 20.00 FEET NORTHEASTERLY, MEASURED AT RIGHT ANGLES, FROM SAID COURSE HAVING A BEARING AND DISTANCE OF "NORTH 45° 20' 18" WEST 121.56 FEET"; THENCE, ALONG SAID LAST MENTIONED PARALLEL LINE, SOUTH 45° 20' 18" EAST 121.56 FEET TO THE BEGINNING OF A TANGENT CURVE CONCENTRIC WITH AND 20.00 FEET NORTHEASTERLY, MEASURED RADIALLY, FROM SAID 74.50-FOOT RADIUS CURVE; THENCE SOUTHEASTERLY ALONG SAID LAST MENTIONED CONCENTRIC CURVE THROUGH A CENTRAL ANGLE OF 09° 21' 53", AN ARC DISTANCE OF 8.91 FEET TO A NON-TANGENT LINE PARALLEL WITH AND DISTANT 15.00 FEET NORTHERLY, MEASURED AT RIGHT ANGLES, FROM SAID CERTAIN COURSE HAVING A BEARING AND DISTANCE OF "NORTH 89° 57' 57" WEST 94.08 FEET" IN THE GENERALLY NORTHEASTERLY BOUNDARY OF THAT CERTAIN 10-FOOT WIDE EASEMENT FOR WATER PIPELINES AND APPURTENANCES AND DRAINAGE AND INGRESS/EGRESS PURPOSES IN SAID LOT 53, GRANTED TO THE LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 36, VAL VERDE, AS

EXHIBIT "A"

WATERWORKS DISTRICT NO. 36
SPECIFICATION NO. 36-72
DISTRIBUTION MAP NOS. H-15 AND I-15
A.P.N. 2866-062-026 AND 030 (PORTIONS)

SHOWN ON SAID TRACT; THENCE ALONG SAID LAST MENTIONED PARALLEL LINE, SOUTH 89° 57' 57" EAST 100.27 FEET TO THAT CERTAIN 288.00-FOOT RADIUS CURVE IN THE EASTERLY BOUNDARY OF SAID LOT 53; THENCE SOUTHERLY ALONG SAID LAST MENTIONED CERTAIN CURVE THROUGH A CENTRAL ANGLE OF 04° 43' 30", AN ARC DISTANCE OF 23.75 FEET TO THE NORTHERLY TERMINUS OF SAID FIRST MENTIONED CERTAIN COURSE IN SAID EASTERLY BOUNDARY; THENCE ALONG SAID FIRST MENTIONED CERTAIN COURSE, SOUTH 00° 00' 00" EAST 33.48 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING AN AREA OF 17,011 SQUARE FEET, MORE OR LESS.

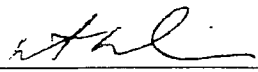
PARCEL 2 (EASEMENT FOR ACCESS ROAD PURPOSES):

THAT PORTION OF LOT 59 OF ABOVE MENTIONED TRACT NO. 52584-01, WITHIN THAT CERTAIN 20-FOOT WIDE AND VARIABLE WIDTH EASEMENT FOR WATER PIPELINES AND APPURTENANCES AND DRAINAGE AND INGRESS/EGRESS PURPOSES GRANTED TO THE LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 36, VAL VERDE.

CONTAINING AN AREA OF 13,804 SQUARE FEET, MORE OR LESS.

SEE EXHIBIT "B" ATTACHED HERETO AND MADE A PART HEREOF.




ROBERT R. SIMS, R.C.E. 21649
EXPIRES: 9/30/2011

12/2/09
DATE

EXHIBIT "A"

SHEET 1 OF 3 SHEETS

NOT TO SCALE

LINE AND CURVE DATA FOR SHEET 1 AND DETAIL "B" HEREON

LINE TABLE		
LINE	BEARING	LENGTH
L1	N76°04'19"W	92.48'
L2	N27°25'23"E	12.00'
L3	S00°00'00"E	61.74'
L4	S40°31'09"W	35.51'
L5	S45°00'07"W	126.82'
L6	N68°37'27"W	37.42'
L7	N13°34'55"E	20.00'
L8	N89°57'57"W	100.27'
L9	N89°57'57"W	94.08'
L10	N06°16'51"W	1.06'
L11	S90°00'00"W	14.47'
L12	N39°37'34"W	59.51'
L13	S90°00'00"W	20.01'

CURVE TABLE			
CURVE	DELTA	RADIUS	LENGTH
C1	00°59'46"	500.00'	8.69'
C2	04°14'13"	500.00'	36.97'
C3	05°13'59"	500.00'	45.67'
C4	19°15'31"	400.00'	134.45'
C5	12°44'39"	538.00'	119.67'
C6	13°29'42"	80.00'	18.84'
C7	34°43'48"	68.00'	41.22'
C8	27°50'49"	288.00'	139.97'
C9	15°06'28"	55.50'	14.63'
C10	16°50'20"	100.50'	29.54'
C11	39°39'59"	74.50'	51.58'
C12	22°09'46"	55.50'	21.47'
C13	32°36'53"	109.50'	62.33'
C14	41°31'54"	55.50'	40.23'
C15	41°31'54"	75.50'	54.73'
C16	32°36'53"	89.50'	50.95'
C17	22°09'46"	75.50'	29.20'
C18	09°21'53"	54.50'	8.91'
C19	04°43'30"	288.00'	23.75'
C20	01°30'57"	1800.00'	47.62'
C21	71°34'50"	40.50'	50.60'

REFERENCE

R1 = TRACT NO. 52584-01, M.B. 1329-53-68.

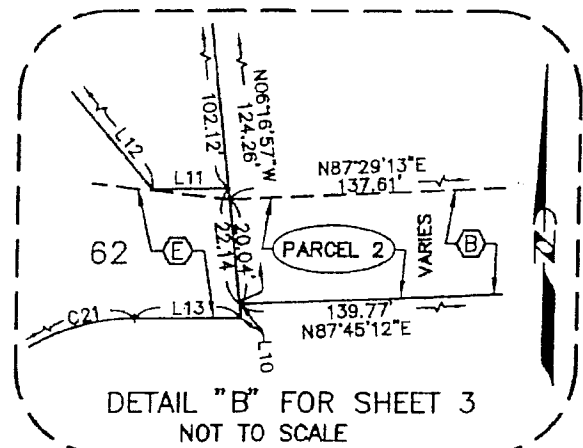
LEGEND

P.O.C. = POINT OF COMMENCING
T.P.O.B. = TRUE POINT OF BEGINNING

- (A) EXISTING 10' WDE EASEMENT FOR WATER PIPELINES & APPURTENANCES AND DRAINAGE AND INGRESS/EGRESS PURPOSES OF L.A. COUNTY WATERWORKS DISTRICT NO. 36 PER R1.
- (B) EXISTING 20' WDE AND VARIABLE WIDTH EASEMENT OF THE LOS ANGELES COUNTY FLOOD CONTROL DISTRICT FOR COVERED STORM DRAIN, APPURTENANT STRUCTURES AND INGRESS AND EGRESS PURPOSES, AND OF L.A. COUNTY WATERWORKS DISTRICT NO. 36 FOR WATER PIPELINES & APPURTENANCES AND DRAINAGE AND INGRESS/EGRESS PURPOSES, BOTH PER R1.
- (C) EXISTING EASEMENT OF THE LOS ANGELES COUNTY FLOOD CONTROL DISTRICT FOR COVERED STORM DRAIN, APPURTENANT STRUCTURES AND INGRESS AND EGRESS PURPOSES, OF L.A. COUNTY WATERWORKS DISTRICT NO. 36 FOR WATER PIPELINES & APPURTENANCES AND DRAINAGE AND INGRESS/EGRESS PURPOSES, AND OF THE COUNTY OF LOS ANGELES FOR SANITARY SEWER PURPOSES, ALL PER R1.
- (E) EXISTING EASEMENT OF THE LOS ANGELES COUNTY FLOOD CONTROL DISTRICT FOR COVERED STORM DRAIN, APPURTENANT STRUCTURES AND INGRESS AND EGRESS PURPOSES PER R1.

LEGEND

- ① S&W "LS 4755", TO BE SET, FLUSH, PER R1.
- ② FD. 2" I.P. W/ CONC. PLUG AND NAIL TAGGED "LACO ENG" IN WELL, DOWN 1.0', PER R1.
- ③ FD. S&W "RCE 16913", FLUSH, PER R1, AT S38°41'27"W 0.33' FROM THE INTERSECTION OF THE CENTERLINE OF HASLEY CYN. ROAD AND THE S'LY LINE OF THE NE 1/4, SW 1/4, FRAC. SEC 2, T.4N., R.17W., S.B.M.
- ④ S&W "LS 4755" TO BE SET, FLUSH, PER P.M. NO. 20685-01, P.M.B. 327-21-31.



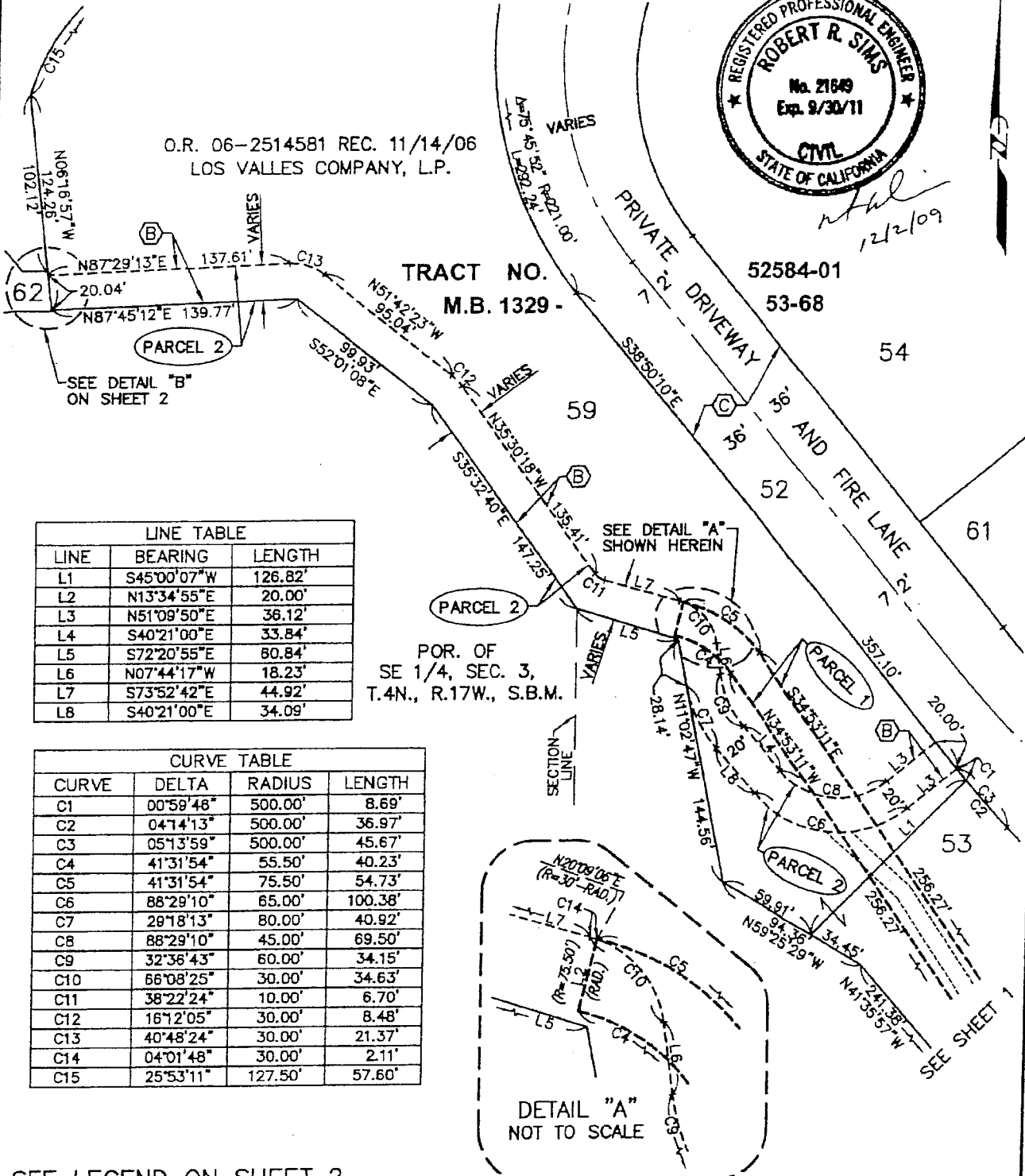
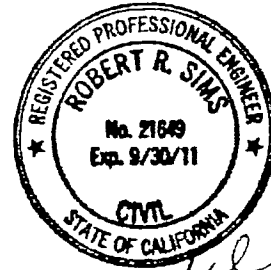
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Land Planning, Civil Engineering, Surveying & Environmental Services

199 South Robles Avenue, Suite 250, Pasadena CA 91101
Ph. (626) 578-7000 Fax: (626) 578-7373

EXHIBIT "B"

SHEET 2 OF 3 SHEETS

SCALE 1"=80'



LINE TABLE		
LINE	BEARING	LENGTH
L1	S45°00'07"W	126.82'
L2	N13°34'55"E	20.00'
L3	N51°09'50"E	36.12'
L4	S40°21'00"E	33.84'
L5	S72°20'55"E	80.84'
L6	N07°44'17"W	18.23'
L7	S73°52'42"E	44.92'
L8	S40°21'00"E	34.09'

CURVE TABLE			
CURVE	DELTA	RADIUS	LENGTH
C1	00°59'48"	500.00'	8.69'
C2	04°14'13"	500.00'	36.97'
C3	05°13'59"	500.00'	45.67'
C4	41°31'54"	55.50'	40.23'
C5	41°31'54"	75.50'	54.73'
C6	88°29'10"	65.00'	100.38'
C7	29°18'13"	80.00'	40.92'
C8	88°29'10"	45.00'	69.50'
C9	32°36'43"	60.00'	34.15'
C10	66°08'25"	30.00'	34.63'
C11	38°22'24"	10.00'	6.70'
C12	16°12'05"	30.00'	8.48'
C13	40°48'24"	30.00'	21.37'
C14	04°01'48"	30.00'	2.11'
C15	25°53'11"	127.50'	57.60'

SEE LEGEND ON SHEET 2

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EXHIBIT "B"

SHEET 3 OF 3 SHEETS

WATERWORKS DISTRICT NO. 36
SPECIFICATION NO. 36-72
DISTRIBUTION MAP NO. H-15
A.P.N. 3247-032-051 (PORTION)

LEGAL DESCRIPTION

PARCEL 3 (EASEMENT FOR SLOPE PURPOSES):

THAT PORTION OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WITHIN THE FOLLOWING DESCRIBED BOUNDARIES:

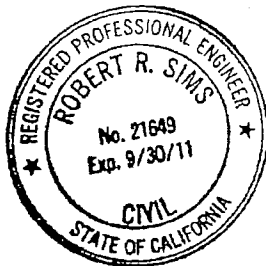
BEGINNING AT THE MOST EASTERLY, SOUTHEASTERLY CORNER OF LOT 62 OF TRACT NO. 52584-01, AS SHOWN ON MAP FILED IN BOOK 1329, PAGES 53 THROUGH 68, INCLUSIVE, OF MAPS, IN THE OFFICE OF THE REGISTRAR-RECORDER/COUNTY CLERK OF SAID COUNTY; THENCE WESTERLY ALONG THE GENERALLY SOUTHERLY BOUNDARY OF SAID LOT AND CONTINUING SOUTHWESTERLY, NORTHWESTERLY AND NORTHERLY ALONG THE GENERALLY SOUTHERLY AND WESTERLY BOUNDARIES OF SAID LOT TO THE NORTHEASTERLY TERMINUS OF THAT CERTAIN 18.00-FOOT CURVE IN SAID WESTERLY BOUNDARY, THE RADIAL OF SAID CURVE TO SAID TERMINUS BEARS NORTH 44° 58' 15" WEST; THENCE NORTHWESTERLY ALONG THE NORTHWESTERLY PROLONGATION OF SAID RADIAL, NORTH 44° 58' 15" WEST 3.70 FEET; THENCE SOUTH 54° 56' 18" WEST 10.84 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE EASTERLY AND HAVING A RADIUS OF 30.00 FEET; THENCE SOUTHERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 111° 10' 20", AN ARC DISTANCE OF 58.21 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 136.00 FEET; THENCE SOUTHEASTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 09° 02' 48", AN ARC DISTANCE OF 21.47 FEET; THENCE TANGENT TO SAID LAST MENTIONED CURVE, SOUTH 47° 11' 14" EAST 44.28 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 29.98 FEET; THENCE SOUTHEASTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 35° 28' 16", AN ARC DISTANCE OF 18.56 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 92.08 FEET; THENCE SOUTHEASTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 31° 32' 20", AN ARC DISTANCE OF 50.69 FEET TO THE BEGINNING OF A COMPOUND CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 18.90 FEET; THENCE SOUTHEASTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 39° 05' 45", AN ARC DISTANCE OF 12.90 FEET; THENCE TANGENT TO SAID LAST MENTIONED CURVE, SOUTH 82° 21' 03" EAST 9.16 FEET; THENCE SOUTH 88° 13' 45" EAST 8.60 FEET; THENCE NORTH 77° 03' 45" EAST 8.98 FEET; THENCE NORTH 41° 40' 45" EAST 14.06 FEET; THENCE NORTH

WATERWORKS DISTRICT NO. 36
SPECIFICATION NO. 36-72
DISTRIBUTION MAP NO. H-15
A.P.N. 3247-032-051 (PORTION)

15° 49' 48" EAST 75.72 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 44.00 FEET; THENCE NORTHEASTERLY AND EASTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 74° 10' 12", AN ARC DISTANCE OF 56.96 FEET; THENCE TANGENT TO SAID LAST MENTIONED CURVE, NORTH 90° 00' 00" EAST 8.26 FEET TO THE SOUTHERLY PROLONGATION OF THAT CERTAIN COURSE HAVING A BEARING AND DISTANCE OF "NORTH 06° 16' 51" WEST 1.06 FEET" IN THE EASTERLY BOUNDARY OF SAID LOT 62; THENCE ALONG SAID PROLONGATION, NORTH 06° 16' 51" WEST 9.21 FEET TO THE POINT OF BEGINNING.

CONTAINING AN AREA OF 7,235 SQUARE FEET, MORE OR LESS.

SEE EXHIBIT "D" ATTACHED HERETO AND MADE A PART HEREOF.



rtal

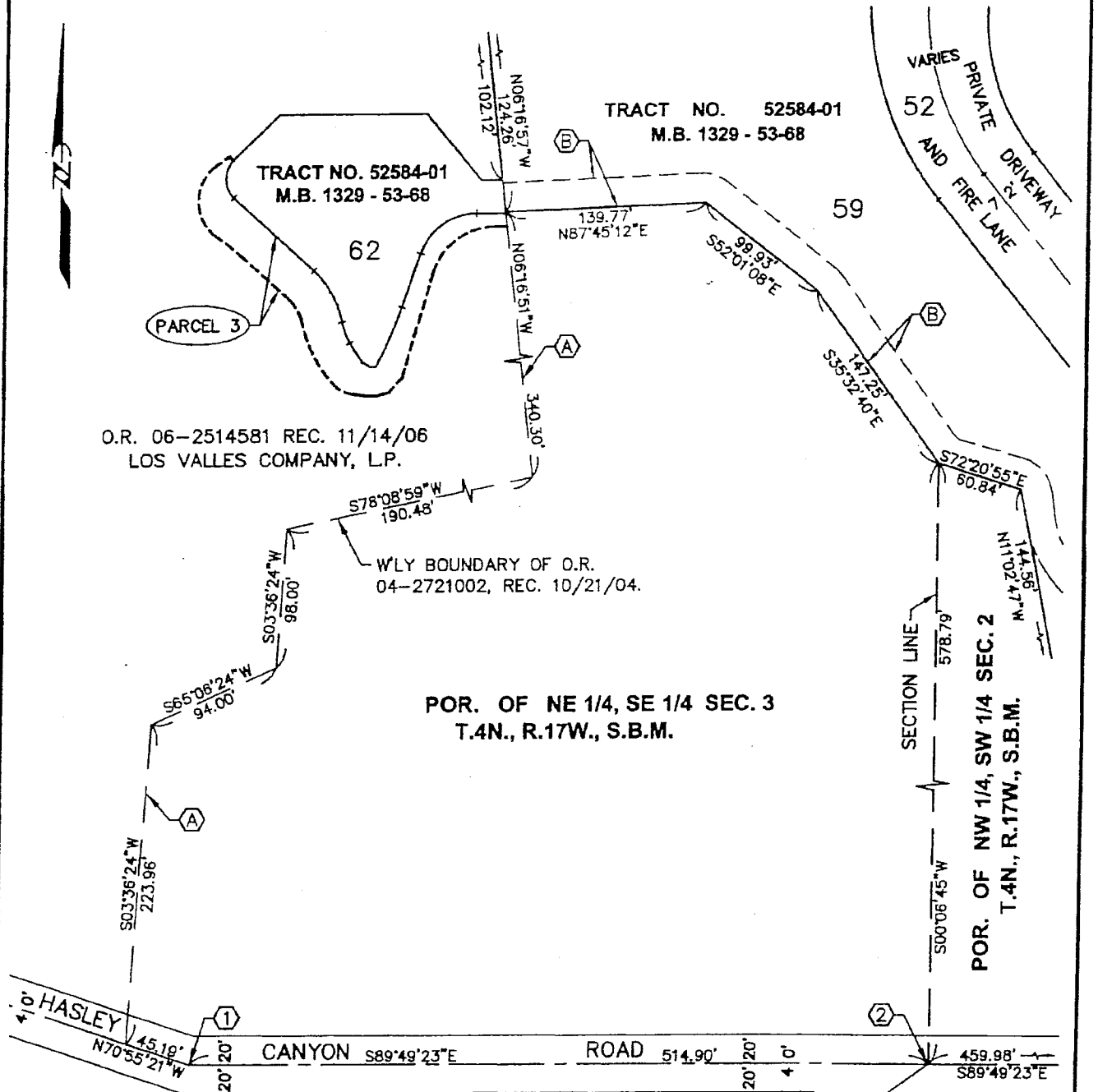
ROBERT R. SIMS, R.C.E. 21649
EXPIRES: 9/30/2011

12/2/09

DATE

EXHIBIT "C"

SCALE 1"=100'



A.P.N. 3247-032-051(PORION)
SPEC. NO.: 36-72
AREA OF PARCEL 3: 7,235 SQ. FT

SEE LEGEND ON SHEET 2
SEE PARCEL 3 DETAIL ON SHEET 2

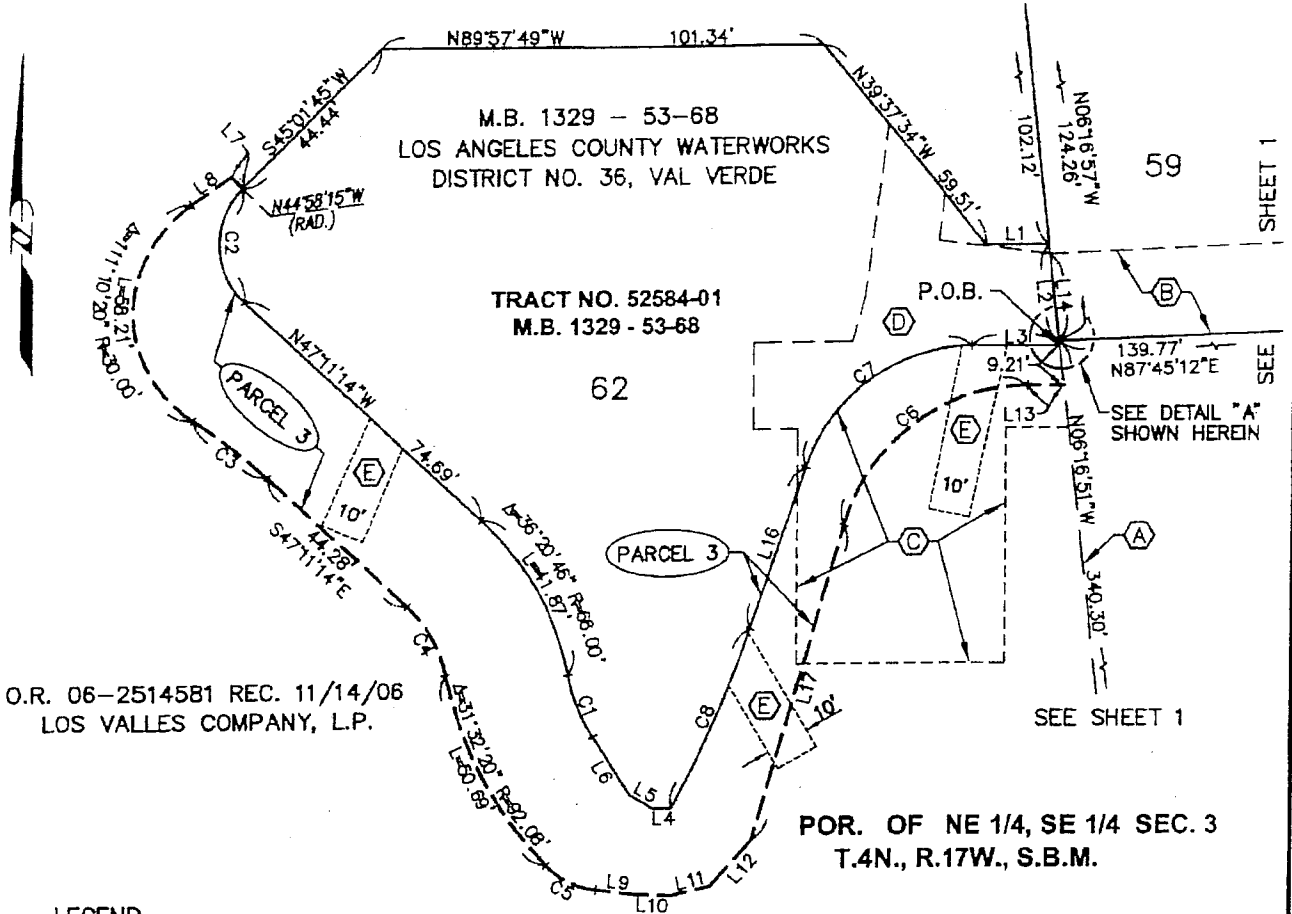
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EXHIBIT "D"

SHEET 1 OF 3 SHEETS

SCALE 1"=40'

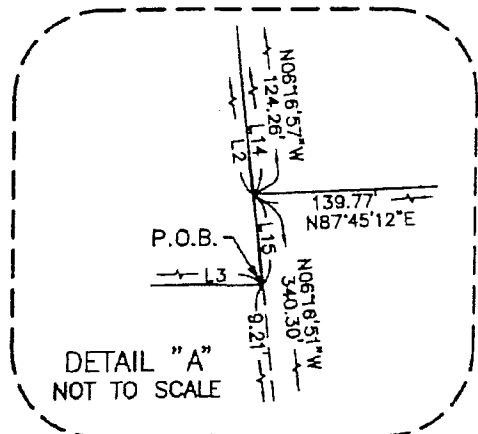


LEGEND

- ① FD. 3/4" I.P. W/ CONC. PLUG AND SQ. BOLT IN WELL, DOWN 0.7', PER R1.
- ② FD. 2" I.P. W/ CONC. PLUG AND NAIL TAGGED "LACO ENG" IN WELL, DOWN 1.0', PER R1.
- (A) BOUNDARY LINE DESCRIBED IN DEED RECORDED ON MARCH 17, 2004 AS INSTRUMENT NO. 04-0634650, O.R., AND SHOWN ON R1.
- (B) EXISTING 20' WIDE AND VARIABLE WIDTH EASEMENT OF R2 FOR COVERED STORM DRAIN, APPURTENANT STRUCTURES AND INGRESS AND EGRESS PURPOSES, AND OF R3 FOR WATER PIPELINES & APPURTENANCES AND DRAINAGE AND INGRESS/EGRESS PURPOSES, BOTH PER R1.
- (C) EXISTING EASEMENT OF R2 FOR FLOOD CONTROL PURPOSES PER R1.
- (D) EXISTING EASEMENT OF R2 FOR COVERED STORM DRAIN, APPURTENANT STRUCTURES AND INGRESS AND EGRESS PURPOSES PER R1.
- (E) EXISTING EASEMENT OF R3 FOR WATER PIPELINES & APPURTENANCES AND DRAINAGE AND INGRESS/EGRESS PURPOSES PER R1.

REFERENCE

- R1 = TRACT NO. 52584-01, M.B. 1329-53-68.
- R2 = THE LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
- R3 = THE LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 36.



SEE SHEET 3 FOR LINE AND CURVE DATA

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EXHIBIT "D"

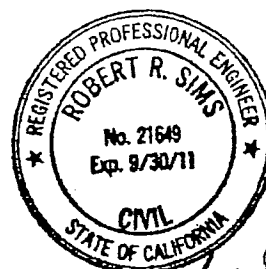
SHEET 2 OF 3 SHEETS

NOT TO SCALE

LINE AND CURVE DATA FOR SHEET 2

CURVE TABLE			
CURVE	DELTA	RADIUS	LENGTH
C1	21°12'03"	42.00'	15.54'
C2	92°12'59"	18.00'	28.97'
C3	09°02'48"	136.00'	21.47'
C4	35°28'16"	29.98'	18.56'
C5	39°05'45"	18.90'	12.90'
C6	74°10'12"	44.00'	58.96'
C7	71°34'50"	40.50'	50.60'
C8	09°45'45"	265.00'	45.15'

LINE TABLE		
LINE	BEARING	LENGTH
L1	N90°00'00"W	14.47'
L2	N06°16'57"W	22.14'
L3	S90°00'00"W	20.01'
L4	N90°00'00"W	4.20'
L5	N59°54'32"W	6.42'
L6	N32°02'31"W	15.93'
L7	N44°58'15"W	3.70'
L8	S54°56'18"W	10.84'
L9	S82°21'03"E	9.16'
L10	S88°13'45"E	8.60'
L11	N77°03'45"E	8.98'
L12	N41°40'45"E	14.06'
L13	N90°00'00"E	8.26'
L14	N06°16'57"W	20.04'
L15	N08°18'51"W	1.06'
L16	S18°25'10"W	39.13'
L17	N15°49'48"E	75.72'



Handwritten signature and date:
12/2/09

LAND DESIGN CONSULTANTS INC.
Land Planning, Civil Engineering, Surveying & Environmental Services
 199 South Robles Avenue, Suite 250, Pasadena CA 91101
 Ph. (626) 578-7000 Fax: (626) 578-7373

EXHIBIT "D"

SHEET 3 OF 3 SHEETS

PROJECT:

WATERWORKS DISTRICT NO. 36, VAL VERDE
SPECIFICATION NO. 36-72
A.P.N. 2866-062-026 & 030 (PORTIONS) AND
3247-032-051 (PORTION)

ATTACHED:

- ONE SUBORDINATION AGREEMENT
DOCUMENT FOR EXECUTION BY ISTAR
FINANCIAL INC.
- SUPPORTING INFORMATIONAL MATERIALS
FOR REFERENCE.
- REQUEST FOR ADDITIONAL MATERIALS
SUPPORTING THE SIGNATORIES'
AUTHORITY TO SIGN THE SUBORDINATION
AGREEMENT.

GENERAL INFORMATION ON CORPORATION

RE: Istar Financial Inc., a Maryland corporation

Any documents executed on behalf of the above entity must be accompanied by all of the following:

1. Full copies of the proper documentation establishing either
 - (a) its nature as a legal entity capable of acquiring holding, encumbering and conveying title to real property; or
 - (b) the statutory authority of said entity to acquire manage, encumber and dispose of real property in its own name.
2. Full copies of the proper delegation of power to the parties acting on behalf of said entity in this transaction.
3. Full copies of the resolution or other authorization (enacted pursuant to the before mentioned delegations) for this transaction.
4. Full copies of the delegation of authority for the execution of the documents by the signatories thereon.

ORIGINAL

RECORDING REQUESTED BY
AND MAIL TO:

Los Angeles County Waterworks
District No. 36, Val Verde
P.O. Box 1460
Alhambra, CA 91802-1460
Attention Mapping & Right of Way
Waterworks Division
Jeff Owens

Space Above This Line Reserved for Recorder's Use

THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO
SECTION 27383 OF THE GOVERNMENT CODE.

THIS DOCUMENT IS BEING RECORDED TO CLEAR THE TITLE TO LAND
BEING VESTED IN THE LOS ANGELES COUNTY WATERWORKS
DISTRICT NO. 36, VAL VERDE.

Assessor's Identification Numbers:
2866-062-026 and 030 (Portions)
3247-032-051 (Portion)

SUBORDINATION AGREEMENT

WHEREAS, iSTAR FINANCIAL INC., a Maryland corporation, is the Beneficiary under a Deed of Trust executed by Los Valles Company, L.P., a California limited partnership, dated November 13, 2006, and recorded November 14, 2006, as Document No. 06-2514582, of Official Records, in the office of the Registrar-Recorder/County Clerk of the County of Los Angeles; and

WHEREAS, said Beneficiary and the Los Angeles County Waterworks District No. 36, Val Verde, a governmental agency (hereinafter referred to as DISTRICT), desire to have the lien or charge of said hereinbefore-mentioned Deed of Trust be made subordinate to easements, which said DISTRICT is acquiring from Los Valles Company, L.P., a California limited partnership, the record owner of the real property in the unincorporated territory of the County of Los Angeles, State of California, described in Exhibits A and C, and shown on and delineated on Exhibits B and D, all of which are attached hereto and by this reference made a part hereof.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned Beneficiary does hereby subordinate the lien or charge of said Deed of Trust to the easements for water pipelines and appurtenances and ingress and egress purposes; access road purposes; and slope purposes to be granted by said record owner to said DISTRICT in, on, over, and across the herein described real property.

Easement Location: Hasley Cyn Rd @
Los Valles Drive, Castaic, CA 91384
I.M. 279-077
S.D. 5
Y536310
Proj. I.D. MPM0000152
Waterworks District No. 36
Specification No. 36-72
Distribution Map No. I-15

IN WITNESS WHEREOF, on _____, 20____,
ISTAR FINANCIAL INC., a Maryland corporation, has caused this Subordination Agreement to be
executed by its duly authorized officers pursuant to its by-laws or pursuant to a resolution adopted
by its board of directors.

ISTAR FINANCIAL INC.,
a Maryland corporation

By _____
President

By _____
Secretary

(Corporate Seal)

KR:

P:\CONF\SA-WWD No 36-72 ISTAR.DOCX

WATERWORKS DISTRICT NO. 36
SPECIFICATION NO. 36-72
DISTRIBUTION MAP NOS. H-15 AND I-15
A.P.N. 2866-062-026 AND 030 (PORTIONS)

LEGAL DESCRIPTION

PARCEL 1 (EASEMENT FOR WATER PIPELINES, APPURTENANCES, AND INGRESS/EGRESS PURPOSES AND FOR ACCESS ROAD PURPOSES):

THOSE PORTIONS OF LOTS 53 AND 59 OF TRACT NO. 52584-01, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 1329, PAGES 53 THROUGH 68, INCLUSIVE, OF MAPS, IN THE OFFICE OF THE REGISTRAR-RECORDER/COUNTY CLERK OF SAID COUNTY, WITHIN THE FOLLOWING DESCRIBED BOUNDARIES:

COMMENCING AT THE SOUTHERLY TERMINUS OF THAT CERTAIN COURSE HAVING A BEARING AND DISTANCE OF "NORTH 61.74 FEET" IN THE EASTERLY BOUNDARY OF SAID LOT 53; THENCE ALONG SAID CERTAIN COURSE, NORTH 00° 00' 00" WEST 28.26 FEET TO THE TRUE POINT OF BEGINNING, SAID POINT BEING THE BEGINNING OF A NON-TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 55.50 FEET, A RADIAL OF SAID CURVE TO SAID POINT BEARS NORTH 36° 29' 01" EAST; THENCE NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 16° 06' 28", AN ARC DISTANCE OF 14.63 FEET; THENCE, TANGENT TO SAID CURVE, NORTH 88° 37' 27" WEST 37.42 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 100.50 FEET; THENCE WESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 16° 50' 20", AN ARC DISTANCE OF 29.54 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 74.50 FEET; THENCE NORTHWESTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 39° 39' 59", AN ARC DISTANCE OF 51.58 FEET; THENCE, TANGENT TO SAID LAST MENTIONED CURVE, NORTH 45° 20' 18" WEST 121.56 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 55.50 FEET; THENCE NORTHWESTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 22° 09' 46", AN ARC DISTANCE OF 21.47 FEET; THENCE, TANGENT TO SAID LAST MENTIONED CURVE, NORTH 67° 30' 04" WEST 136.45 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 109.50 FEET; THENCE NORTHWESTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 32° 36' 53", AN ARC DISTANCE OF 62.33 FEET; THENCE, TANGENT TO SAID LAST MENTIONED CURVE, NORTH 34° 53' 11" WEST 256.27 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 55.50 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 41° 31' 54", AN ARC DISTANCE OF 40.23 FEET; THENCE, ALONG A PROLONGED RADIAL OF SAID LAST MENTIONED CURVE, NORTH 13° 34' 55" EAST 20.00 FEET

EXHIBIT "A"

WATERWORKS DISTRICT NO. 36
SPECIFICATION NO. 36-72
DISTRIBUTION MAP NOS. H-15 AND I-15
A.P.N. 2866-062-026 AND 030 (PORTIONS)

TO A POINT ON THAT CERTAIN 30-FOOT RADIUS CURVE HAVING AN ARC DISTANCE OF 34.63 FEET IN THE NORTHEASTERLY BOUNDARY OF THAT CERTAIN 20-FOOT WIDE AND VARIABLE WIDTH EASEMENT FOR WATER PIPELINES AND APPURTENANCES AND DRAINAGE AND INGRESS/EGRESS PURPOSES IN SAID LOT 59, GRANTED TO THE LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 36, VAL VERDE, AS SHOWN ON SAID TRACT, SAID LAST MENTIONED CURVE DESIGNATED AS "C126" ON SAID TRACT, A RADIAL OF SAID LAST MENTIONED CURVE TO SAID LAST MENTIONED POINT BEARS NORTH 20° 09' 06" EAST; THENCE SOUTHEASTERLY ALONG A CURVE CONCENTRIC WITH AND DISTANT 20.00 FEET NORTHEASTERLY, MEASURED RADially, FROM SAID LAST MENTIONED 55.50-FOOT RADIUS CURVE, THROUGH A CENTRAL ANGLE OF 41° 31' 54", AN ARC DISTANCE OF 54.73 FEET TO A LINE PARALLEL WITH AND DISTANT 20.00 FEET NORTHEASTERLY, MEASURED AT RIGHT ANGLES, FROM SAID COURSE HAVING A BEARING AND DISTANCE OF "NORTH 34° 53' 11" WEST 256.27 FEET"; THENCE ALONG SAID PARALLEL LINE, SOUTH 34° 53' 11" EAST 256.27 FEET TO THE BEGINNING OF A TANGENT CURVE CONCENTRIC WITH AND 20.00 FEET NORTHEASTERLY, MEASURED RADially, FROM SAID 109.50-FOOT RADIUS CURVE; THENCE SOUTHEASTERLY ALONG SAID LAST MENTIONED CONCENTRIC CURVE THROUGH A CENTRAL ANGLE OF 32° 36' 53", AN ARC DISTANCE OF 50.95 FEET TO A LINE PARALLEL WITH AND DISTANT 20.00 FEET NORTHEASTERLY, MEASURED AT RIGHT ANGLES, FROM SAID COURSE HAVING A BEARING AND DISTANCE OF "NORTH 67° 30' 04" WEST 136.45 FEET"; THENCE ALONG SAID LAST MENTIONED PARALLEL LINE, SOUTH 67° 30' 04" EAST, 136.45 FEET TO THE BEGINNING OF A TANGENT CURVE CONCENTRIC WITH AND 20.00 FEET NORTHEASTERLY, MEASURED RADially, FROM SAID 55.50-FOOT RADIUS CURVE HAVING AN ARC DISTANCE OF 21.47 FEET; THENCE SOUTHEASTERLY ALONG SAID LAST MENTIONED CONCENTRIC CURVE THROUGH A CENTRAL ANGLE OF 22° 09' 46", AN ARC DISTANCE OF 29.20 FEET TO A LINE PARALLEL WITH AND DISTANT 20.00 FEET NORTHEASTERLY, MEASURED AT RIGHT ANGLES, FROM SAID COURSE HAVING A BEARING AND DISTANCE OF "NORTH 45° 20' 18" WEST 121.56 FEET"; THENCE, ALONG SAID LAST MENTIONED PARALLEL LINE, SOUTH 45° 20' 18" EAST 121.56 FEET TO THE BEGINNING OF A TANGENT CURVE CONCENTRIC WITH AND 20.00 FEET NORTHEASTERLY, MEASURED RADially, FROM SAID 74.50-FOOT RADIUS CURVE; THENCE SOUTHEASTERLY ALONG SAID LAST MENTIONED CONCENTRIC CURVE THROUGH A CENTRAL ANGLE OF 09° 21' 53", AN ARC DISTANCE OF 8.91 FEET TO A NON-TANGENT LINE PARALLEL WITH AND DISTANT 15.00 FEET NORTHERLY, MEASURED AT RIGHT ANGLES, FROM SAID CERTAIN COURSE HAVING A BEARING AND DISTANCE OF "NORTH 89° 57' 57" WEST 94.08 FEET" IN THE GENERALLY NORTHEASTERLY BOUNDARY OF THAT CERTAIN 10-FOOT WIDE EASEMENT FOR WATER PIPELINES AND APPURTENANCES AND DRAINAGE AND INGRESS/EGRESS PURPOSES IN SAID LOT 53, GRANTED TO THE LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 36, VAL VERDE, AS

EXHIBIT "A"

WATERWORKS DISTRICT NO. 36
SPECIFICATION NO. 36-72
DISTRIBUTION MAP NOS. H-15 AND I-15
A.P.N. 2866-062-026 AND 030 (PORTIONS)

SHOWN ON SAID TRACT; THENCE ALONG SAID LAST MENTIONED PARALLEL LINE, SOUTH 89° 57' 57" EAST 100.27 FEET TO THAT CERTAIN 288.00-FOOT RADIUS CURVE IN THE EASTERLY BOUNDARY OF SAID LOT 53; THENCE SOUTHERLY ALONG SAID LAST MENTIONED CERTAIN CURVE THROUGH A CENTRAL ANGLE OF 04° 43' 30", AN ARC DISTANCE OF 23.75 FEET TO THE NORTHERLY TERMINUS OF SAID FIRST MENTIONED CERTAIN COURSE IN SAID EASTERLY BOUNDARY; THENCE ALONG SAID FIRST MENTIONED CERTAIN COURSE, SOUTH 00° 00' 00" EAST 33.48 FEET TO THE TRUE POINT OF BEGINNING.

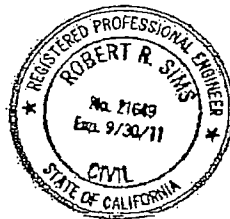
CONTAINING AN AREA OF 17,011 SQUARE FEET, MORE OR LESS.

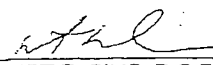
PARCEL 2 (EASEMENT FOR ACCESS ROAD PURPOSES):

THAT PORTION OF LOT 59 OF ABOVE MENTIONED TRACT NO. 52584-01, WITHIN THAT CERTAIN 20-FOOT WIDE AND VARIABLE WIDTH EASEMENT FOR WATER PIPELINES AND APPURTENANCES AND DRAINAGE AND INGRESS/EGRESS PURPOSES GRANTED TO THE LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 36, VAL VERDE.

CONTAINING AN AREA OF 13,804 SQUARE FEET, MORE OR LESS.

SEE EXHIBIT "B" ATTACHED HERETO AND MADE A PART HEREOF.




ROBERT R. SIMS, R.C.E. 21649
EXPIRES: 9/30/2011

12/2/09
DATE

EXHIBIT "A"

SHEET 1 OF 3 SHEETS

NOT TO SCALE

LINE AND CURVE DATA FOR SHEET 1 AND DETAIL "B" HEREON

LINE TABLE		
LINE	BEARING	LENGTH
L1	N76°04'19"W	92.48'
L2	N27°25'23"E	12.00'
L3	S00°00'00"E	61.74'
L4	S40°31'09"W	35.51'
L5	S45°00'07"W	126.82'
L6	N68°37'27"W	37.42'
L7	N13°34'55"E	20.00'
L8	N89°57'57"W	100.27'
L9	N89°57'57"W	94.08'
L10	N06°16'51"W	1.08'
L11	S90°00'00"W	14.47'
L12	N39°37'34"W	59.51'
L13	S90°00'00"W	20.01'

CURVE TABLE			
CURVE	DELTA	RADIUS	LENGTH
C1	00°58'45"	500.00'	8.69'
C2	04°14'13"	500.00'	36.97'
C3	05°13'59"	500.00'	45.67'
C4	19°15'31"	400.00'	134.45'
C5	12°44'39"	538.00'	119.67'
C6	13°29'42"	80.00'	16.84'
C7	34°43'48"	68.00'	41.22'
C8	27°50'49"	288.00'	139.97'
C9	15°06'28"	55.50'	14.63'
C10	16°50'20"	100.50'	29.54'
C11	39°39'59"	74.50'	51.58'
C12	22°09'46"	55.50'	21.47'
C13	32°36'53"	109.50'	62.33'
C14	41°31'54"	55.50'	40.23'
C15	41°31'54"	75.50'	54.73'
C16	32°36'53"	89.50'	50.95'
C17	22°09'46"	75.50'	29.20'
C18	09°21'55"	54.50'	8.91'
C19	04°43'30"	288.00'	23.75'
C20	01°30'57"	1800.00'	47.62'
C21	71°34'50"	40.50'	50.60'

REFERENCE

R1 = TRACT NO. 52584-01, M.B. 1329-53-68.

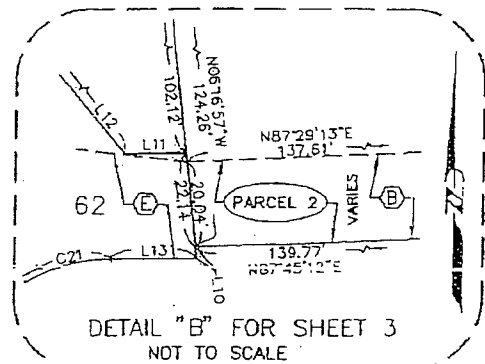
LEGEND

P.O.C. = POINT OF COMMENCING
T.P.O.B. = TRUE POINT OF BEGINNING

- (A) EXISTING 10' WIDE EASEMENT FOR WATER PIPELINES & APPURTENANCES AND DRAINAGE AND INGRESS/EGRESS PURPOSES OF L.A. COUNTY WATERWORKS DISTRICT NO. 36 PER R1.
- (B) EXISTING 20' WIDE AND VARIABLE WIDTH EASEMENT OF THE LOS ANGELES COUNTY FLOOD CONTROL DISTRICT FOR COVERED STORM DRAIN, APPURTENANT STRUCTURES AND INGRESS AND EGRESS PURPOSES, AND OF L.A. COUNTY WATERWORKS DISTRICT NO. 36 FOR WATER PIPELINES & APPURTENANCES AND DRAINAGE AND INGRESS/EGRESS PURPOSES, BOTH PER R1.
- (C) EXISTING EASEMENT OF THE LOS ANGELES COUNTY FLOOD CONTROL DISTRICT FOR COVERED STORM DRAIN, APPURTENANT STRUCTURES AND INGRESS AND EGRESS PURPOSES, OF L.A. COUNTY WATERWORKS DISTRICT NO. 36 FOR WATER PIPELINES & APPURTENANCES AND DRAINAGE AND INGRESS/EGRESS PURPOSES, AND OF THE COUNTY OF LOS ANGELES FOR SANITARY SEWER PURPOSES, ALL PER R1.
- (E) EXISTING EASEMENT OF THE LOS ANGELES COUNTY FLOOD CONTROL DISTRICT FOR COVERED STORM DRAIN, APPURTENANT STRUCTURES AND INGRESS AND EGRESS PURPOSES PER R1.

LEGEND

- ① S&W "LS 4755", TO BE SET, FLUSH, PER R1.
- ② FD. 2" I.P. W/ CONC. PLUG AND NAIL TAGGED "LACO ENG" IN WELL DOWN 1.0', PER R1.
- ③ FD. S&W "RCE 16913", FLUSH, PER R1, AT 538'41"27"W 0.33' FROM THE INTERSECTION OF THE CENTERLINE OF HASLEY CYN. ROAD AND THE S'LY LINE OF THE NE 1/4, SW 1/4, FRAC. SEC 2, T.4N., R.17W., S.B.M.
- ④ S&W "LS 4755" TO BE SET, FLUSH, PER P.M. NO. 20685-01, P.M.B. 327-21-31.



LAND DESIGN CONSULTANTS INC.
Land Planning, Civil Engineering, Surveying & Environmental Services

199 South Robles Avenue, Suite 250, Pasadena CA 91101
Ph. (626) 578-7000 Fax: (626) 578-7373

EXHIBIT "B"

SHEET 2 OF 3 SHEETS

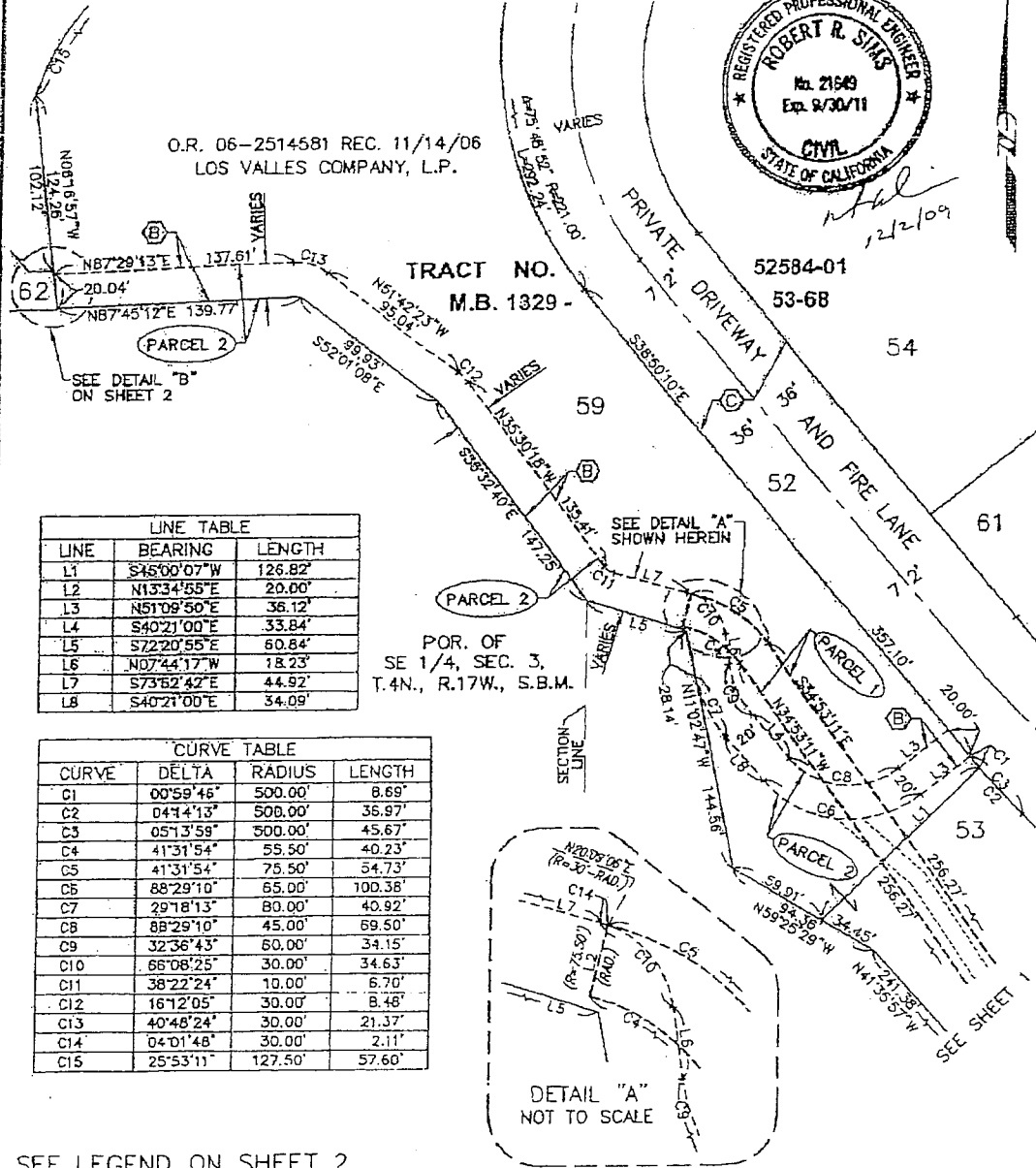
SCALE 1"=80'

O.R. 06-2514581 REC. 11/14/06
LOS VALLES COMPANY, L.P.



TRACT NO.
M.B. 1329 -

52584-01
53-68



LINE TABLE		
LINE	BEARING	LENGTH
L1	S45°00'07"W	126.82'
L2	N13°34'55"E	20.00'
L3	N51°09'50"E	36.12'
L4	S40°21'00"E	33.84'
L5	S72°20'55"E	60.84'
L6	N07°44'17"W	18.23'
L7	S73°52'42"E	44.92'
L8	S40°21'00"E	34.09'

CURVE TABLE			
CURVE	DELTA	RADIUS	LENGTH
C1	00°59'46"	500.00'	8.69'
C2	04°14'13"	500.00'	36.97'
C3	05°13'59"	500.00'	45.67'
C4	41°31'54"	55.50'	40.23'
C5	41°31'54"	75.50'	54.73'
C6	88°29'10"	65.00'	100.38'
C7	29°18'13"	80.00'	40.92'
C8	88°29'10"	45.00'	69.50'
C9	32°36'43"	60.00'	34.15'
C10	66°08'25"	30.00'	34.63'
C11	38°22'24"	10.00'	6.70'
C12	16°12'05"	30.00'	8.48'
C13	40°48'24"	30.00'	21.37'
C14	04°01'48"	30.00'	2.11'
C15	25°53'11"	127.50'	57.60'

LAND DESIGN CONSULTANTS INC.
Land Planning, Civil Engineering, Surveying & Environmental Services

199 South Robles Avenue, Suite 250, Pasadena CA 91101
Ph. (626) 578-7000 Fax: (626) 578-7373

EXHIBIT "B"

SHEET 3 OF 3 SHEETS

WATERWORKS DISTRICT NO. 36
SPECIFICATION NO. 35-72
DISTRIBUTION MAP NO. H-15
A.P.N. 3247-032-051 (PORTION)

LEGAL DESCRIPTION

PARCEL 3 (EASEMENT FOR SLOPE PURPOSES):

THAT PORTION OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WITHIN THE FOLLOWING DESCRIBED BOUNDARIES:

BEGINNING AT THE MOST EASTERLY, SOUTHEASTERLY CORNER OF LOT 62 OF TRACT NO. 52584-01, AS SHOWN ON MAP FILED IN BOOK 1329, PAGES 53 THROUGH 68, INCLUSIVE, OF MAPS, IN THE OFFICE OF THE REGISTRAR-RECORDER/COUNTY CLERK OF SAID COUNTY; THENCE WESTERLY ALONG THE GENERALLY SOUTHERLY BOUNDARY OF SAID LOT AND CONTINUING SOUTHWESTERLY, NORTHWESTERLY AND NORTHERLY ALONG THE GENERALLY SOUTHERLY AND WESTERLY BOUNDARIES OF SAID LOT TO THE NORTHEASTERLY TERMINUS OF THAT CERTAIN 18.00-FOOT CURVE IN SAID WESTERLY BOUNDARY, THE RADIAL OF SAID CURVE TO SAID TERMINUS BEARS NORTH 44° 58' 15" WEST; THENCE NORTHWESTERLY ALONG THE NORTHWESTERLY PROLONGATION OF SAID RADIAL, NORTH 44° 58' 15" WEST 3.70 FEET; THENCE SOUTH 54° 56' 18" WEST 10.84 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE EASTERLY AND HAVING A RADIUS OF 30.00 FEET; THENCE SOUTHERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 111° 10' 20", AN ARC DISTANCE OF 58.21 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 136.00 FEET; THENCE SOUTHEASTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 09° 02' 48", AN ARC DISTANCE OF 21.47 FEET; THENCE TANGENT TO SAID LAST MENTIONED CURVE, SOUTH 47° 11' 14" EAST 44.28 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 29.98 FEET; THENCE SOUTHEASTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 35° 28' 16", AN ARC DISTANCE OF 18.56 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 92.08 FEET; THENCE SOUTHEASTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 31° 32' 20", AN ARC DISTANCE OF 50.69 FEET TO THE BEGINNING OF A COMPOUND CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 18.90 FEET; THENCE SOUTHEASTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 39° 05' 45", AN ARC DISTANCE OF 12.90 FEET; THENCE TANGENT TO SAID LAST MENTIONED CURVE, SOUTH 82° 21' 03" EAST 9.16 FEET; THENCE SOUTH 88° 13' 45" EAST 8.60 FEET; THENCE NORTH 77° 03' 45" EAST 8.98 FEET; THENCE NORTH 41° 40' 45" EAST 14.06 FEET; THENCE NORTH

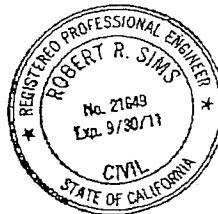
EXHIBIT "C"

WATERWORKS DISTRICT NO. 36
SPECIFICATION NO. 36-72
DISTRIBUTION MAP NO. H-15
A.P.N. 3247-032-051 (PORTION)

15° 49' 48" EAST 75.72 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 44.00 FEET; THENCE NORTHEASTERLY AND EASTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 74° 10' 12", AN ARC DISTANCE OF 56.96 FEET; THENCE TANGENT TO SAID LAST MENTIONED CURVE, NORTH 90° 00' 00" EAST 8.26 FEET TO THE SOUTHERLY PROLONGATION OF THAT CERTAIN COURSE HAVING A BEARING AND DISTANCE OF "NORTH 06° 16' 51" WEST 1.06 FEET" IN THE EASTERLY BOUNDARY OF SAID LOT 62; THENCE ALONG SAID PROLONGATION, NORTH 06° 16' 51" WEST 9.21 FEET TO THE POINT OF BEGINNING.

CONTAINING AN AREA OF 7,235 SQUARE FEET, MORE OR LESS.

SEE EXHIBIT "D" ATTACHED HERETO AND MADE A PART HEREOF.



Robert R. Sims
ROBERT R. SIMS, R.C.E. 21649
EXPIRES: 9/30/2011

12/2/09
DATE

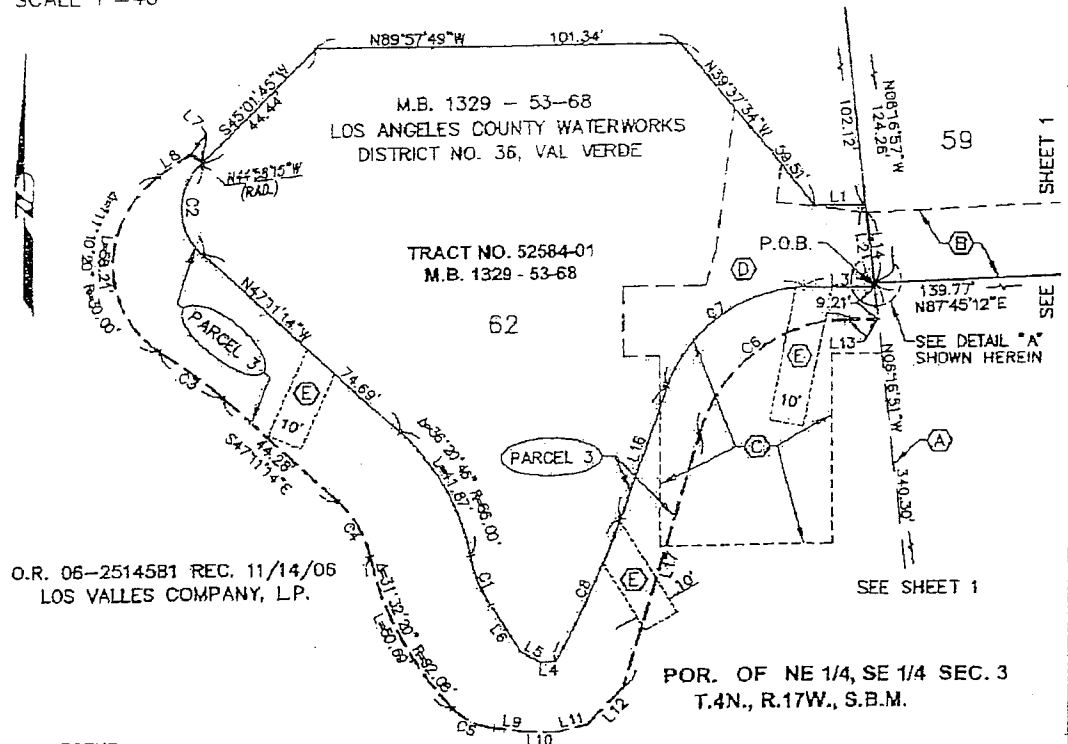
EXHIBIT "C"

SEE LEGEND ON SHEET 2
SEE PARCEL 3 DETAIL ON SHEET 2

199 South Robles Avenue, Suite 250, Pasadena CA 91101
Ph. (626) 578-7000 Fax: (626) 578-7373

SHEET 1 OF 3 SHEETS

SCALE 1"=40'



O.R. 06-2514581 REC. 11/14/06
LOS VALLES COMPANY, L.P.

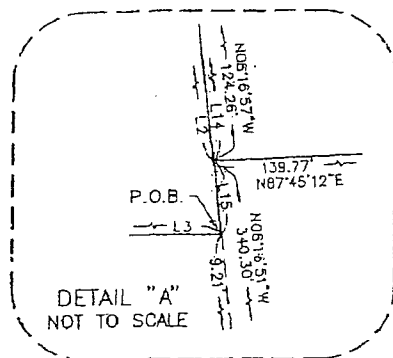
POR. OF NE 1/4, SE 1/4 SEC. 3
T.4N., R.17W., S.B.M.

LEGEND

- ① FD. 3/4" I.P. W/ CONC. PLUG AND SO. BOLT IN WELL.
DOWN 0.7', PER R1.
- ② FD. 2" I.P. W/ CONC. PLUG AND NAIL TAGGED "LACO
ENG" IN WELL. DOWN 1.0', PER R1.
- (A) BOUNDARY LINE DESCRIBED IN DEED RECORDED ON MARCH
17, 2004 AS INSTRUMENT NO. 04-0534650, O.R., AND
SHOWN ON R1.
- (B) EXISTING 20' WIDE AND VARIABLE WIDTH EASEMENT OF R2
FOR COVERED STORM DRAIN, APPURTENANT STRUCTURES
AND INGRESS AND EGRESS PURPOSES, AND OF R3 FOR
WATER PIPELINES & APPURTENANCES AND DRAINAGE AND
INGRESS/EGRESS PURPOSES, BOTH PER R1.
- (C) EXISTING EASEMENT OF R2 FOR FLOOD CONTROL
PURPOSES PER R1.
- (D) EXISTING EASEMENT OF R2 FOR COVERED STORM DRAIN,
APPURTENANT STRUCTURES AND INGRESS AND EGRESS
PURPOSES PER R1.
- (E) EXISTING EASEMENT OF R3 FOR WATER PIPELINES &
APPURTENANCES AND DRAINAGE AND INGRESS/EGRESS
PURPOSES PER R1.

REFERENCE

- R1 = TRACT NO. 52584-01, M.B. 1329-53-68.
R2 = THE LOS ANGELES COUNTY FLOOD CONTROL
DISTRICT
R3 = THE LOS ANGELES COUNTY WATERWORKS
DISTRICT NO. 36.



SEE SHEET 3 FOR LINE AND CURVE DATA

LAND DESIGN CONSULTANTS INC.
Land Planning, Civil Engineering, Surveying & Environmental Services

199 South Robles Avenue, Suite 250, Pasadena CA 91101
Ph. (626) 578-7000 Fax: (626) 578-7373

EXHIBIT "D"

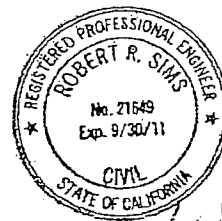
SHEET 2 OF 3 SHEETS

NOT TO SCALE

LINE AND CURVE DATA FOR SHEET 2

CURVE TABLE			
CURVE	DELTA	RADIUS	LENGTH
C1	21°12'03"	42.00'	15.54'
C2	92°12'59"	18.00'	28.97'
C3	09°02'48"	136.00'	21.47'
C4	35°28'16"	29.98'	18.56'
C5	39°06'45"	18.90'	12.90'
C6	74°10'12"	44.00'	56.96'
C7	71°34'50"	40.50'	50.60'
C8	09°45'45"	265.00'	45.15'

LINE TABLE		
LINE	BEARING	LENGTH
L1	N90°00'00"W	14.47'
L2	N06°16'57"W	22.14'
L3	S90°00'00"W	20.01'
L4	N90°00'00"W	4.20'
L5	N89°54'32"W	8.42'
L6	N32°02'31"W	15.93'
L7	N44°58'15"W	3.70'
L8	S54°56'18"W	10.84'
L9	S82°21'03"E	9.16'
L10	S88°13'45"E	8.60'
L11	N77°03'45"E	8.98'
L12	N41°40'45"E	14.06'
L13	N90°00'00"E	8.25'
L14	N06°16'57"W	20.04'
L15	N06°16'51"W	1.06'
L16	S18°25'10"W	39.13'
L17	N15°49'48"E	75.72'



Handwritten signature and date:
12/2/07

LAND DESIGN CONSULTANTS INC.
Land Planning, Civil Engineering, Surveying & Environmental Services
 199 South Robles Avenue, Suite 250, Pasadena CA 91101
 Ph. (626) 578-7000 Fax: (626) 578-7373

EXHIBIT "D"

SHEET 3 OF 3 SHEETS

This page is part of your document - DO NOT DISCARD

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RECORDED/FILED IN OFFICIAL RECORDS
RECORDER'S OFFICE
LOS ANGELES COUNTY
CALIFORNIA
11/14/06 AT 08:00am

TITLE(S) : _____



LEAD SHEET

FEE

FEE \$	133.44	RR
DAF \$	8.75	
C-20	36	4T

D.T.T.

CODE
20

CODE
19

CODE
9

NOTIFICATION SENT-64
©

Assessor's Identification Number (AIN)

To be completed by Examiner OR Title Company in black ink.

Number of AIN's Shown

THIS FORM IS NOT TO BE DUPLICATED

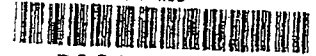
RECORDING REQUESTED BY
FIDELITY NATIONAL TITLE

9851186-DG

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Katten Muchin Rosenman LLP
2029 Century Park East, Suite 2600
Los Angeles, California 90067
Attention: Benzion J. Westreich, Esq.

11/14/06



20062514582

(Space above this line for Recorder's Use)

DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS,
SECURITY AGREEMENT AND FIXTURE FILING

THIS DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING (this "Deed of Trust") is executed effective as of November 13, 2006, by LOS VALLES COMPANY, L.P., a California limited partnership, having an address at c/o Palmer Investments, Inc., 233 Wilshire Boulevard, Suite 800, Santa Monica, California 90401 ("Grantor"), to Fidelity National Title Insurance Company, whose address is set forth below, as Trustee ("Trustee"), in trust for the benefit of iSTAR FINANCIAL INC., a Maryland corporation, whose address is set forth below, as Beneficiary ("Beneficiary").

ARTICLE I
DEFINITIONS

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in that certain Loan and Security Agreement of even date herewith by and between Grantor, and Beneficiary (the "Loan Agreement"). As used herein, the following terms shall have the following meanings:

Accounts: means Grantor's present and future rights to payment of money, accounts and accounts receivable including (a) rights to payment of money, accounts and accounts receivable arising from or relating to the construction, use, leasing, occupancy or operation of the Mortgaged Property, the rental of, or payment for, space, goods sold or leased or services rendered, whether or not yet earned by performance, and all other "accounts" (as defined in the UCC), (b) rights to payment, accounts, and accounts receivable arising from any consumer credit, charge, entertainment or travel card or service organization or entity, (c) all reserves, deferred payments, refunds, cost savings payments and deposits no matter how evidenced and whether now or later to be received from third parties (including all earnest money sales deposits) or deposited with, or by, Grantor by, or with, third parties (including all utility deposits), (d) all chattel paper, instruments, documents, notes, drafts and letters of credit (other than any letters of credit in favor of Beneficiary), (e) any tenant security deposit account and any and all other accounts held by or on behalf of Beneficiary and/or Grantor pursuant to the Loan Agreement, (f) all "deposit accounts" (as defined in the UCC), (g) all "securities accounts" (as defined in the UCC), and (h) all contracts and agreements which relate to any of the foregoing.

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Assignment: The assignment, contained in Article 4 of this Deed of Trust, from Grantor to Beneficiary, of all Grantor's right, title and interest in and to the Leases and the Rents.

Beneficiary: iStar Financial Inc., and its successors and assigns and the holders, from time to time, of the Note.

Beneficiary's Address: 1114 Avenue of the Americas, Twenty-Seventh Floor, New York, New York 10036, Attention: Chief Executive Officer.

Fixtures and Personality: means all fixtures, machinery, furnishings, equipment, furniture and other tangible personal property now or hereafter affixed or attached to, installed in, located on, under, above or within the Land or in the Improvements or used in connection with the use, occupancy, operation and maintenance of all or any part of the Land, Improvements or any other part of the Mortgaged Property; whether or not permanently affixed thereto, together with all accessions, replacements and substitutions thereto or therefore and the proceeds thereof, including all "equipment" (as defined in the UCC), inventory, "farm products" (as defined in the UCC), "fixtures" (as defined in the UCC), "manufactured homes" (as defined in the UCC), oil, gas and other minerals (whether before or after extraction), and other "goods" (as defined in the UCC) and any and all of the following: machinery; signs; artwork; office furnishings and equipment; partitions and screens; generators, boilers, compressors and engines; fuel; water and other pumps and tanks; irrigation lines and sprinklers; refrigeration equipment; pipes and plumbing; elevators and escalators; sprinkler systems and other fire extinguishing machinery, and equipment; heating, incinerating, ventilating, air conditioning and air cooling ducts, machinery, equipment and systems; gas and electric machinery and equipment; facilities used to provide utility services; laundry, drying, dishwashing and garbage disposal machinery or equipment; communication apparatus, including television, radio, music, and cable antennae and systems; floor coverings, rugs, carpets, window coverings, blinds, awnings, shades, curtains, drapes and rods; screens, storm doors and windows; stoves, refrigerators, dishwashers and other installed appliances; attached cabinets; trees, plants and other items of landscaping; motorized, manual, mechanical or other buses, boats, aircrafts and vehicles of any nature whatsoever; visual and electronic surveillance systems and other security systems; elevators; escalators; telecommunications equipment including telephones, switchboards, exchanges, wires and phone jacks; maintenance equipment, golf carts, pro shop merchandise, tables, chairs, mirrors, desks, wall coverings, clocks, lamps; kitchen, restaurant, bar, lounge, public room, public area, and other operating or specialized equipment, including menus, dishes, flatware, dishware, glassware, cooking utensils, tables, refrigerating units, microwave equipment, ovens, timers; food and beverages; liquor; cleaning materials other similar items; swimming pool heaters and equipment; recreational equipment and maintenance supplies; clubhouse equipment, furnishings and supplies, including lockers and sporting equipment; and health and recreational facilities; and linens. Fixtures and Personality does not include fixtures, equipment and personality owned by tenants under Leases of the Mortgaged Property or any part thereof.

General Intangibles: means all causes in action, causes of action and all other intangible personal property of Grantor of every kind and nature (other than the Accounts), wherever located, including all Proprietary Rights, all "general intangibles" (as defined in the UCC), all "payment intangibles" (as defined in the UCC), all "software" (as defined in the UCC), corporate or other business records relating to Grantor, and/or the Mortgaged Property (including

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computer-readable memory and any computer hardware or software necessary to retrieve such memory), insurance policies (including claims under, and interests in, insurance policies except that, notwithstanding anything to the contrary in this Deed of Trust or the other Loan Documents, Borrower's environmental insurance policy (including claims thereunder and interests therein) shall not constitute General Intangibles and shall not be subject to the lien of this Deed of Trust or any other security agreement in favor of Lender), condemnation awards, good will, inventions, designs, software, patents, trademarks and applications therefor, computer programs, trade names, trade styles, trade secrets, copyrights, registrations and other intellectual property, licenses, franchises, customer lists, tax refund claims, claims for wages, salaries or other compensation of an employee, landlord's liens, liens given by statute or other rule of law for services or materials, agricultural liens, judgments and rights represented by judgments and rights of recoupment or set off. The General Intangibles also include the Rate Cap Agreement and all Contracts.

Grantor: The entity named as such in the Preamble of this Deed of Trust, and its heirs, administrators, executors, successors and assigns and its successors in interest in and to the Mortgaged Property.

Grantor's Address: c/o Palmer Investments, Inc., 239 Wilshire Boulevard, Suite 800, Santa Monica, California 90401.

Gross Revenues: means, for the applicable period, all Rents and all other income, rents, revenues, issues, profits, deposits (other than lease security deposits except to the extent applied by Grantor in accordance with applicable Leases), proceeds of business interruption insurance, lease termination or similar payments and all other payments actually received by or for the benefit of Grantor in cash or current funds or other consideration from any source whatsoever from or with respect to the Mortgaged Property; provided, however, that Gross Revenues shall exclude Proceeds (other than insurance proceeds in respect of business interruption insurance) recovered by the Grantor from insurers pursuant to the Grantor's casualty insurance policies, environmental insurance policies (to the extent such Proceeds are actually applied to remediation costs or third party claims) or from condemnation proceedings affecting the Mortgaged Property, litigation proceeds (other than recoveries of lost revenues, fees or other income), sale or refinancing proceeds and any other non-recurring income from extraordinary events.

Improvements: means any other buildings, improvements, alterations or appurtenances now, or at any time hereafter, located upon, in, under or above the Property or any part thereof.

Leases: means any and all leases, subleases, occupancy agreements or grants of other possessory interests, whereby Grantor acts as the lessor, sublessor, licensor, grantor or in another similar capacity, now or hereafter in force, oral or written, covering or affecting the Land or Improvements, or any part thereof, together with all rights, powers, privileges, options and other benefits of Grantor thereunder and any and all guaranties of the obligations of the lessees, sublessees, occupants, and grantees thereunder, as such leases, subleases, occupancy agreements or grants may be extended, renewed, modified or replaced from time to time.


Loan: means the loan in the original principal amount of \$122,000,000 from Beneficiary to Grantor as evidenced by the Note.

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IN WITNESS WHEREOF, Grantor has executed this Deed of Trust effective as of the date first above written.

LOS VALLES COMPANY, L.P.,
a California limited partnership

By: LVC Management Company, Inc.,
a California corporation,
its general partner

By: 
Name: Don S. Palmer, Jr.
Title: President

FOR GOVERNMENT
USE ONLY

Signature Page 10 Deed of Trust

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STATE OF CALIFORNIA

COUNTY OF Los Angeles

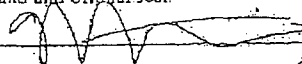
On Nov 6, 2006, before me, Elena M. Occhipinti, Notary Public
(here insert name and title of the officer)

personally appeared Dan S. Palmer, Jr.
(Name(s) of Signer(s))

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature



(SEAL)



FOR GOVERNMENT USE

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EXHIBIT "A"

Legal Description

PARCEL 1: (APN 2866-052-001, 2866-001-017, 2866-001-078, 2866-001-080, 2866-001-071, 2866-001-074, 3247-032-01, 3247-032-35 AND 3247-032-043 TO 046, INCLUSIVE)

PARCEL 1 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 101,922, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH RECORDED MAY 24, 2002 AS INSTRUMENT NO. 02-1208159 OF OFFICIAL RECORDS.

EXCEPT THEREFROM THAT PORTION LYING WITHIN PARCEL 2 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 101,922, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH RECORDED MAY 24, 2002 AS INSTRUMENT NO. 02-1208159 OF OFFICIAL RECORDS.

ALSO EXCEPT THEREFROM THAT PORTION LYING WITHIN PARCEL 5 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 101,923, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH RECORDED AUGUST 17, 2001 AS INSTRUMENT NO. 01-1524850 OF OFFICIAL RECORDS.

EXCEPT 50 PERCENT INTEREST IN ALL OIL, GAS, PETROLEUM, HYDROCARBONS AND OTHER KINDRED SUBSTANCES IN AND LYING UNDER SAID LAND, BUT WITHOUT SURFACE RIGHT OF ENTRY AS RESERVED BY LORETTA J. MAEDER AND ET AL., IN DEED RECORDED APRIL 15, 1963, IN BOOK D1981 PAGE 718, OFFICIAL RECORDS.

ALSO EXCEPT A 25 PERCENT INTEREST IN ALL OIL, GAS, PETROLEUM, HYDROCARBONS AND OTHER KINDRED SUBSTANCES IN AND LYING UNDER SAID LAND, WITHOUT THE RIGHT OF SURFACE ENTRY, BELOW A DEPTH OF 500 FEET, AS RESERVED BY EDMOND H. BURNS AND FLORENCE H. BURNS, HUSBAND AND WIFE, IN DEED RECORDED MAY 19, 1969 IN BOOK D-5373 PAGE 520, OFFICIAL RECORDS.

ALSO EXCEPT FROM THAT PORTION OF PARCELS 1 AND 3 OF SAID PARCEL MAP NO. 22559, BOOK 266, PAGES 48 THROUGH 58, DESCRIBED IN DEED RECORDED MARCH 12, 1966 AS INSTRUMENT NO. 726, IN BOOK 50583 PAGE 48 OFFICIAL RECORDS, AN UNDIVIDED ONE-THIRD OF ALL OIL, GAS AND OTHER RIGHTS AS RESERVED IN DEED FROM LEA STEVENS MCGILLIVRAE RECORDED MARCH 12, 1966 IN BOOK 50583 PAGE 48 OFFICIAL RECORDS.

ALL RIGHTS, TITLE AND INTEREST TO THE SURFACE AND THAT PORTION OF THE SUBSURFACE DOWN TO A DEPTH OF 500 FEET BELOW THE SURFACE THEREOF TOGETHER WITH ALL RIGHTS OF SURFACE ENTRY THEREON HAS BEEN QUITCLAIMED BY LEA STEVENS MCGILLIVRAE BY DEED RECORDED NOVEMBER 28, 1969 AS INSTRUMENT NO. 730, IN BOOK D4587 PAGE 44 OFFICIAL RECORDS.

ALSO EXCEPT FROM THAT PORTION OF PARCEL 1 OF SAID PARCEL MAP NO. 22559, BOOK 255, PAGES 48 THROUGH 58, DESCRIBED IN DEED RECORDED JULY 24, 1983 AS INSTRUMENT NO. 351, IN BOOK D2115 PAGE 150, OFFICIAL RECORDS, AN UNDIVIDED 50 PER CENT OF 100 PER CENT OF ALL OIL, GAS, MINERAL AND OTHER HYDROCARBON SUBSTANCES LYING IN OR UNDER SAID LAND, BUT WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED BY ANGELA HARRISON, A WIDOW, IN DEED RECORDED JULY 24, 1983 AS INSTRUMENT NO. 351, IN BOOK D2115 PAGE 150

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OFFICIAL RECORDS.

ALSO EXCEPT FROM THAT PORTION OF PARCEL 1 OF SAID PARCEL MAP NO. 22559, DESCRIBED IN DEED RECORDED SEPTEMBER 13, 1990 AS INSTRUMENT NO. 90-1581309, ALL OIL AND GAS AS RESERVED BY THE UNITED STATES OF AMERICA IN DEED RECORDED SEPTEMBER 13, 1990 AS INSTRUMENT NO. 90-1581309.

ALSO EXCEPT FROM THAT PORTION OF SAID LAND DESCRIBED IN THE HEREINAFTER MENTIONED DEED, ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND LYING BELOW A DEPTH OF 500 FEET FROM THE SURFACE THEREOF, BUT WITH NO RIGHT OF SURFACE ENTRY, AS PROVIDED IN THE DEED RECORDED DECEMBER 8, 1999 AS INSTRUMENT NO. 99-2241409 AND RE-RECORDED APRIL 23, 2001 AS INSTRUMENT NO. 01-689940.

ALSO EXCEPT FROM SAID LAST MENTIONED PORTION OF SAID LAND, THE SUBSURFACE WATER RIGHTS, BUT WITHOUT THE RIGHT OF ENTRY TO THE SURFACE OR SUBSURFACE ABOVE A DEPTH OF 50 FEET, AS PROVIDED IN THE DEED RECORDED DECEMBER 8, 1999 AS INSTRUMENT NO. 99-2241409 AND RE-RECORDED APRIL 23, 2001 AS INSTRUMENT NO. 01-689940.

ALSO EXCEPT FROM THAT PORTION OF SAID LAND DESCRIBED IN THE HEREINAFTER MENTIONED DEED, ALL MINERAL INTERESTS, INCLUDING BUT NOT LIMITED TO ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES WHETHER NOW KNOWN TO EXIST OR HEREFTER DISCOVERED, INCLUDING BUT NOT LIMITED TO RIGHTS TO EXPLORE FOR, DEVELOP AND REMOVE SUCH OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, WITHOUT, HOWEVER, ANY RIGHT TO USE THE SURFACE OF SAID LAND OR ANY OTHER PORTION THEREOF INCLUDING THE RIGHT OF SURFACE ENTRY FOR A DEPTH OF 200 FEET MEASURED FROM THE SURFACE OF SUCH REAL PROPERTY FOR ANY PURPOSE WHATSOEVER, AS RESERVED IN THE DEED RECORDED FEBRUARY 18, 2003 AS INSTRUMENT NO. 03-0470027.

ALSO EXCEPT FROM THAT PORTION OF SAID LAND DESCRIBED IN THE HEREINAFTER MENTIONED DEED, ALL MINERAL INTERESTS, INCLUDING BUT NOT LIMITED TO ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES WHETHER NOW KNOWN TO EXIST OR HEREFTER DISCOVERED, INCLUDING BUT NOT LIMITED TO RIGHTS TO EXPLORE FOR, DEVELOP AND REMOVE SUCH OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, AND INCLUDING THE RIGHT TO USE THE SURFACE OF SAID LAND AND ANY OTHER PORTION THEREOF INCLUDING THE RIGHT OF SURFACE ENTRY, AS RESERVED BY AMERICAN ENERGY OPERATIONS, INC., A CALIFORNIA CORPORATION, IN THE DEED RECORDED FEBRUARY 18, 2003 AS INSTRUMENT NO. 03-0470030.

THE RIGHT OF SURFACE ENTRY TO THE SURFACE AND THAT PORTION OF THE SUBSURFACE TO A DEPTH OF 500 FEET OF SAID LAND WAS QUITCLAIMED BY QUITCLAIM DEED EXECUTED BY AMERICAN ENERGY OPERATIONS, INC., A CALIFORNIA CORPORATION, RECORDED JULY 28, 2003 INSTRUMENT NO. 03-2134654.

PARCEL 2: (APN 3247-032-048)

PARCEL 2 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 101,922, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH RECORDED MAY 24, 2002 AS INSTRUMENT NO. 02-1208159 OF OFFICIAL RECORDS.

EXCEPT 50 PERCENT INTEREST IN ALL OIL, GAS, PETROLEUM, HYDROCARBONS AND OTHER KINDRED SUBSTANCES IN AND LYING UNDER SAID LAND, BUT WITHOUT SURFACE RIGHT OF ENTRY AS RESERVED BY LORETTE J. MAEDER AND ET AL., IN DEED RECORDED APRIL 15, 1983,

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IN BOOK D 1991 PAGE 718, OFFICIAL RECORDS.

ALSO EXCEPT A 25 PERCENT INTEREST IN ALL OIL, GAS, PETROLEUM, HYDROCARBONS AND OTHER KINDRED SUBSTANCES IN AND LYING UNDER SAID LAND, WITHOUT THE RIGHT OF SURFACE ENTRY, BELOW A DEPTH OF 500 FEET, AS RESERVED BY EDMOND H. BURNS AND FLORENCE H. BURNS, HUSBAND AND WIFE, IN DEED RECORDED MAY 19, 1989 IN BOOK D-5373 PAGE 520, OFFICIAL RECORDS.

ALSO EXCEPT THEREFROM, ALL MINERAL INTERESTS, INCLUDING BUT NOT LIMITED TO ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES WHETHER NOW KNOWN TO EXIST OR HEREAFTER DISCOVERED, INCLUDING BUT NOT LIMITED TO RIGHTS TO EXPLORE FOR, DEVELOP AND REMOVE SUCH OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, WITHOUT, HOWEVER, ANY RIGHT TO USE THE SURFACE OF SAID LAND OR ANY OTHER PORTION THEREOF INCLUDING THE RIGHT OF SURFACE ENTRY FOR A DEPTH OF 500 FEET MEASURED FROM THE SURFACE OF SUCH REAL PROPERTY FOR ANY PURPOSE WHATSOEVER, AS RESERVED IN THE DEED RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134552.

PARCEL 3: (APN 2886-001-077)

PARCEL 5 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 101,923, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH RECORDED AUGUST 17, 2001 AS INSTRUMENT NO. 03-152850 OF OFFICIAL RECORDS.

EXCEPT THEREFROM, ALL MINERAL INTERESTS, INCLUDING BUT NOT LIMITED TO ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES WHETHER NOW KNOWN TO EXIST OR HEREAFTER DISCOVERED, INCLUDING BUT NOT LIMITED TO RIGHTS TO EXPLORE FOR, DEVELOP AND REMOVE SUCH OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, WITHOUT, HOWEVER, ANY RIGHT TO USE THE SURFACE OF SAID LAND OR ANY OTHER PORTION THEREOF INCLUDING THE RIGHT OF SURFACE ENTRY FOR A DEPTH OF 500 FEET MEASURED FROM THE SURFACE OF SUCH REAL PROPERTY FOR ANY PURPOSE WHATSOEVER, AS RESERVED IN THE DEED RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134548.

PARCEL 4: (APN 2886-001-015, 2886-001-016 AND 2886-001-029)

LOTS 2 AND 3 AND THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 2, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO BASE AND MERIDIAN, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE SEPTEMBER 6, 1880.

EXCEPT ALL OIL, GAS AND MINERALS IN AND UNDER SAID LAND AS RESERVED IN THE PATENT FROM UNITED STATES OF AMERICA, RECORDED MAY 7, 1947 IN BOOK 24835 PAGE 351, OFFICIAL RECORDS.

PARCEL 5:

A NON-EXCLUSIVE EASEMENT FOR ACCESS, INGRESS AND EGRESS, AND THE RIGHT TO INSTALL AND MAINTAIN A DRIVEWAY, CURBS, CURB CUTS, PAVING AND RELATED IMPROVEMENTS, AS PROVIDED BY THAT CERTAIN "EASEMENT AGREEMENT" RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134547, OFFICIAL RECORDS OF LOS ANGELES COUNTY, OVER THAT PORTION OF SECTION 2, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, LYING WITHIN A STRIP OF LAND 24 FEET WIDE, AS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

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THAT PORTION OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 2, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, BEING A STRIP OF LAND 24.00 FEET WIDE, THE EASTERLY LINE OF SAID STRIP BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 2, WITH THE CENTERLINE OF HASLEY CANYON ROAD, 40.00 FEET WIDE, AS DESCRIBED IN THE DEED RECORDED IN BOOK 5595, PAGE 332 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID CENTERLINE SOUTH 89°48'34" EAST 459.98 FEET TO THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID CENTERLINE NORTH 00°00'25" WEST 126.39 FEET.

THE WESTERLY LINE OF SAID STRIP IS TO TERMINATE NORTHERLY IN A LINE THAT BEARS NORTH 63°43'23" WEST FROM THE NORTHERLY TERMINUS OF THAT CERTAIN COURSE HEREIN DESCRIBED AS NORTH 00°00'25" WEST 126.39 FEET AND TO TERMINATE SOUTHERLY AT THE CENTERLINE OF SAID HASLEY CANYON ROAD, 40.00 FEET WIDE.

EXCEPTING THEREFROM THAT PORTION WITHIN SAID HASLEY CANYON ROAD.

PARCEL 8:

A NON-EXCLUSIVE EASEMENT FOR ACCESS TO AND THE RIGHT TO INSTALL AND MAINTAIN LANDSCAPING, FENCING, AND SCREENING, AS PROVIDED BY THAT CERTAIN "EASEMENT AGREEMENT" RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134547, OFFICIAL RECORDS OF LOS ANGELES COUNTY, OVER THAT PORTION OF SECTION 2, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 2, IN TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE EAST LINE OF THE SOUTHEAST QUARTER OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN WITH THE CENTERLINE OF HASLEY CANYON ROAD, 40.00 FEET WIDE, AS DESCRIBED IN THE DEED RECORDED IN BOOK 5595, PAGE 332 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID CENTERLINE NORTH 89°48'34" WEST 514.82 FEET TO AN ANGLE POINT THEREIN; THENCE CONTINUING ALONG SAID CENTERLINE NORTH 70°55'27" WEST 45.18 FEET; THENCE LEAVING SAID CENTERLINE NORTH 03°38'18" EAST 223.98 FEET; THENCE NORTH 85°08'18" EAST, 94.00 FEET; THENCE NORTH 03°36'18" EAST, 98.00 FEET; THENCE NORTH 78°08'53" EAST, 190.48 FEET; THENCE NORTH 08°18'57" WEST, 340.30 FEET; THENCE NORTH 87°48'08" EAST, 130.77 FEET; THENCE SOUTH 52°01'14" EAST, 89.93 FEET; THENCE SOUTH 35°31'28" EAST, 147.19 FEET TO THE COMMON LINE BETWEEN SAID SECTIONS 2 AND 3 AND THE TRUE POINT OF BEGINNING; THENCE SOUTH 72°20'30" EAST, 80.84 FEET; THENCE SOUTH 11°02'22" EAST, 114.00 FEET; THENCE NORTH 72°20'30" WEST, 83.98 FEET TO A POINT IN SAID COMMON LINE BETWEEN SECTIONS 2 AND 3, SAID POINT BEING SOUTH 00°08'40" WEST 104.88 FEET FROM THE TRUE POINT OF BEGINNING; THENCE ALONG SAID COMMON LINE NORTH 00°08'40" WEST 104.88 FEET TO THE TRUE POINT OF BEGINNING.

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PARCEL 7:

A NON-EXCLUSIVE EASEMENT FOR ACCESS, INGRESS AND EGRESS, AND THE RIGHT TO INSTALL AND MAINTAIN A DRIVEWAY, CURBS, CURB CUTS, PAVING AND RELATED IMPROVEMENTS, AS PROVIDED BY THAT CERTAIN "EASEMENT AGREEMENT" RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134558, OFFICIAL RECORDS OF LOS ANGELES COUNTY, OVER THAT PORTION OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, LYING WITHIN A STRIP OF LAND 24 FEET WIDE, AS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, BEING A STRIP OF LAND 24.00 FEET WIDE, THE WESTERLY LINE OF SAID STRIP BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 3, WITH THE CENTERLINE OF HASLEY CANYON ROAD, 40.00 FEET WIDE, AS DESCRIBED IN THE DEED RECORDED IN BOOK 5595, PAGE 332 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID CENTERLINE NORTH $89^{\circ}48'34''$ WEST 514.82 FEET TO AN ANGLE POINT THEREIN; THENCE CONTINUING ALONG SAID CENTERLINE NORTH $70^{\circ}55'27''$ WEST 45.19 FEET TO THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID CENTERLINE NORTH $03^{\circ}36'18''$ EAST 223.98 FEET.

THE EASTERLY LINE OF SAID STRIP IS TO TERMINATE NORTHERLY IN A LINE THAT BEARS NORTH $85^{\circ}06'18''$ EAST FROM THE NORTHERLY TERMINUS OF THAT CERTAIN COURSE HEREIN DESCRIBED AS NORTH $03^{\circ}36'18''$ EAST 223.98 FEET AND TO TERMINATE SOUTHERLY AT THE CENTERLINE OF SAID HASLEY CANYON ROAD, 40.00 FEET WIDE.

EXCEPTING THEREFROM THAT PORTION WITHIN SAID HASLEY CANYON ROAD.

PARCEL 8:

A NON-EXCLUSIVE EASEMENT FOR ACCESS TO AND THE RIGHT TO INSTALL AND MAINTAIN LANDSCAPING, FENCING, AND SCREENING, AS PROVIDED BY THAT CERTAIN "EASEMENT AGREEMENT" RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134558, OFFICIAL RECORDS OF LOS ANGELES COUNTY, OVER THAT PORTION OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 3, WITH THE CENTERLINE OF HASLEY CANYON ROAD, 40.00 FEET WIDE, AS DESCRIBED IN THE DEED RECORDED IN BOOK 5595, PAGE 332 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID CENTERLINE NORTH $89^{\circ}48'34''$ WEST 514.82 FEET TO AN ANGLE POINT THEREIN; THENCE CONTINUING ALONG SAID CENTERLINE NORTH $70^{\circ}55'27''$ WEST 45.19 FEET; THENCE LEAVING SAID CENTERLINE NORTH $03^{\circ}36'18''$ EAST 223.98 FEET; THENCE NORTH $85^{\circ}06'18''$ EAST, 94.00 FEET; THENCE NORTH $03^{\circ}36'18''$ EAST, 88.00 FEET; THENCE NORTH

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78°08'53" EAST, 190.48 FEET; THENCE NORTH 06°16'57" WEST, 240.05 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG LAST MENTIONED LINE NORTH 06°16'57" WEST 100.25 FEET; THENCE NORTH 87°45'08" EAST, 139.77 FEET; THENCE SOUTH 52°01'14" EAST, 99.93 FEET; THENCE SOUTH 35°31'39" EAST, 147.19 FEET TO THE COMMON LINE BETWEEN SECTION 3 AND SECTION 2, BOTH IN TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN; THENCE ALONG SAID COMMON LINE SOUTH 00°06'40" WEST 104.88 FEET; THENCE NORTH 72°20'30" WEST, 64.90 FEET; THENCE NORTH 35°31'39" WEST, 186.97 FEET; THENCE NORTH 52°01'14" WEST, 48.81 FEET; THENCE SOUTH 87°45'08" WEST 98.70 FEET TO THE TRUE POINT OF BEGINNING.

FOR GOVERNMENT
USE ONLY

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GENERAL INFORMATION ON CORPORATION

RE: Palmer Investments, Inc., a California corporation

Any documents executed on behalf of the above entity must be accompanied by all of the following:

1. Full copies of the proper documentation establishing either
 - (a) its nature as a legal entity capable of acquiring holding, encumbering and conveying title to real property; or
 - (b) the statutory authority of said entity to acquire manage, encumber and dispose of real property in its own name.
2. Full copies of the proper delegation of power to the parties acting on behalf of said entity in this transaction.
3. Full copies of the resolution or other authorization (enacted pursuant to the before mentioned delegations) for this transaction.
4. Full copies of the delegation of authority for the execution of the documents by the signatories thereon.

REQUEST FOR INFORMATION ABOUT A LIMITED LIABILITY COMPANY

RE: Palmer-Los Valles, LLC, a Delaware limited liability company.

Documents executed on behalf of the above entity and submitted for approval, acceptance and recording, must be accompanied by the following:

1. Full copies of the Articles of Organization, including all amendments thereto or restatements thereof.
2. Full copies of the Operating Agreement, including any amendments thereto, showing the proper delegation of power to the parties acting on behalf of said entity in this transaction.
3. Full copies of the resolution or other authorization (enacted pursuant to the before mentioned agreement) for this transaction.
4. A full copy of the delegation of the authority for the documents by the signatories thereon.
5. A full copy of the Certificate of Status of the limited liability company from the Secretary of State of the State of California.

MJY:cs
MP-9118:LLC,DocForm

DUPLICATE

RECORDING REQUESTED BY
AND MAIL TO:

Los Angeles County Waterworks
District No. 36, Val Verde
P.O. Box 1460
Alhambra, CA 91802-1460
Attention: Mapping & Right of Way
Waterworks Division
Jeff Owens

Space Above This Line Reserved for Recorder's Use

THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO
SECTION 27383 OF THE GOVERNMENT CODE.

THIS DOCUMENT IS BEING RECORDED TO CLEAR THE TITLE TO LAND
BEING VESTED IN THE LOS ANGELES COUNTY WATERWORKS
DISTRICT NO. 36, VAL VERDE.

Assessor's Identification Numbers:
2866-062-026 and 030 (Portions)
3247-032-051 (Portion)

SUBORDINATION AGREEMENT

WHEREAS, LOS VALLES LAND & GOLF, LLC, a Delaware limited liability company, is the Beneficiary under a Deed of Trust executed by Los Valles Company, Inc., a California corporation, dated January 31, 2006, and recorded February 6, 2006, as Document No. 06-0271916, of Official Records, in the office of the Registrar-Recorder/County Clerk of the County of Los Angeles; and

WHEREAS, said Beneficiary and the Los Angeles County Waterworks District No. 36, Val Verde, a governmental agency (hereinafter referred to as DISTRICT), desire to have the lien or charge of said hereinbefore-mentioned Deed of Trust be made subordinate to easements, which said DISTRICT is acquiring from Los Valles Company, L.P., a California limited partnership, the record owner of the real property in the unincorporated territory of the County of Los Angeles, State of California, described in Exhibits A and C, and shown on and delineated on Exhibits B and D, all of which are attached hereto and by this reference made a part hereof.

Easement Location: Hasley Cyn Rd @
Los Valles Drive, Castaic, CA 91384
I.M. 279-077
S.D. 5
Y536310
Proj. I.D. MPM0000152
Waterworks District No. 36
Specification No. 36-72
Distribution Map No. I-15

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned Beneficiary does hereby subordinate the lien or charge of said Deed of Trust to the easements for water pipelines and appurtenances and ingress and egress purposes; access road purposes; and slope purposes to be granted by said record owner to said DISTRICT in, on, over, and across the herein described real property.

Dated _____

LOS VALLES LAND & GOLF, LLC,
a Delaware limited liability company

By: Palmer-Los Valles, LLC, a Delaware
limited liability company, its managing member

By: Palmer Investments, Inc., a California
corporation, its managing member

By: _____
President

(Corporate Seal)

By: _____
Secretary

NOTE: Acknowledgment form on reverse side.

WATERWORKS DISTRICT NO. 36
SPECIFICATION NO. 36-72
DISTRIBUTION MAP NOS. H-15 AND I-15
A.P.N. 2866-062-026 AND 030 (PORTIONS)

LEGAL DESCRIPTION

PARCEL 1 (EASEMENT FOR WATER PIPELINES, APPURTENANCES, AND INGRESS/EGRESS PURPOSES AND FOR ACCESS ROAD PURPOSES):

THOSE PORTIONS OF LOTS 53 AND 59 OF TRACT NO. 52584-01, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 1329, PAGES 53 THROUGH 68, INCLUSIVE, OF MAPS, IN THE OFFICE OF THE REGISTRAR-RECORDER/COUNTY CLERK OF SAID COUNTY, WITHIN THE FOLLOWING DESCRIBED BOUNDARIES:

COMMENCING AT THE SOUTHERLY TERMINUS OF THAT CERTAIN COURSE HAVING A BEARING AND DISTANCE OF "NORTH 61.74 FEET" IN THE EASTERLY BOUNDARY OF SAID LOT 53; THENCE ALONG SAID CERTAIN COURSE, NORTH 00° 00' 00" WEST 28.26 FEET TO THE TRUE POINT OF BEGINNING, SAID POINT BEING THE BEGINNING OF A NON-TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 55.50 FEET, A RADIAL OF SAID CURVE TO SAID POINT BEARS NORTH 36° 29' 01" EAST; THENCE NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 15° 06' 28", AN ARC DISTANCE OF 14.63 FEET; THENCE, TANGENT TO SAID CURVE, NORTH 68° 37' 27" WEST 37.42 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 100.50 FEET; THENCE WESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 16° 50' 20", AN ARC DISTANCE OF 29.54 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 74.50 FEET; THENCE NORTHWESTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 39° 39' 59", AN ARC DISTANCE OF 51.58 FEET; THENCE, TANGENT TO SAID LAST MENTIONED CURVE, NORTH 45° 20' 18" WEST 121.56 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 55.50 FEET; THENCE NORTHWESTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 22° 09' 46", AN ARC DISTANCE OF 21.47 FEET; THENCE, TANGENT TO SAID LAST MENTIONED CURVE, NORTH 67° 30' 04" WEST 136.45 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 109.50 FEET; THENCE NORTHWESTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 32° 36' 53", AN ARC DISTANCE OF 62.33 FEET; THENCE, TANGENT TO SAID LAST MENTIONED CURVE, NORTH 34° 53' 11" WEST 256.27 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 55.50 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 41° 31' 54", AN ARC DISTANCE OF 40.23 FEET; THENCE, ALONG A PROLONGED RADIAL OF SAID LAST MENTIONED CURVE, NORTH 13° 34' 55" EAST 20.00 FEET

EXHIBIT "A"

WATERWORKS DISTRICT NO. 36
SPECIFICATION NO. 36-72
DISTRIBUTION MAP NOS. H-15 AND I-15
A.P.N. 2866-062-026 AND 030 (PORTIONS)

TO A POINT ON THAT CERTAIN 30-FOOT RADIUS CURVE HAVING AN ARC DISTANCE OF 34.63 FEET IN THE NORTHEASTERLY BOUNDARY OF THAT CERTAIN 20-FOOT WIDE AND VARIABLE WIDTH EASEMENT FOR WATER PIPELINES AND APPURTENANCES AND DRAINAGE AND INGRESS/EGRESS PURPOSES IN SAID LOT 59, GRANTED TO THE LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 36, VAL VERDE, AS SHOWN ON SAID TRACT, SAID LAST MENTIONED CURVE DESIGNATED AS "C126" ON SAID TRACT, A RADIAL OF SAID LAST MENTIONED CURVE TO SAID LAST MENTIONED POINT BEARS NORTH 20° 09' 06" EAST; THENCE SOUTHEASTERLY ALONG A CURVE CONCENTRIC WITH AND DISTANT 20.00 FEET NORTHEASTERLY, MEASURED RADIALLY, FROM SAID LAST MENTIONED 55.50-FOOT RADIUS CURVE, THROUGH A CENTRAL ANGLE OF 41° 31' 54", AN ARC DISTANCE OF 54.73 FEET TO A LINE PARALLEL WITH AND DISTANT 20.00 FEET NORTHEASTERLY, MEASURED AT RIGHT ANGLES, FROM SAID COURSE HAVING A BEARING AND DISTANCE OF "NORTH 34° 53' 11" WEST 256.27 FEET"; THENCE ALONG SAID PARALLEL LINE, SOUTH 34° 53' 11" EAST 256.27 FEET TO THE BEGINNING OF A TANGENT CURVE CONCENTRIC WITH AND 20.00 FEET NORTHEASTERLY, MEASURED RADIALLY, FROM SAID 109.50-FOOT RADIUS CURVE; THENCE SOUTHEASTERLY ALONG SAID LAST MENTIONED CONCENTRIC CURVE THROUGH A CENTRAL ANGLE OF 32° 36' 53", AN ARC DISTANCE OF 50.95 FEET TO A LINE PARALLEL WITH AND DISTANT 20.00 FEET NORTHEASTERLY, MEASURED AT RIGHT ANGLES, FROM SAID COURSE HAVING A BEARING AND DISTANCE OF "NORTH 67° 30' 04" WEST 136.45 FEET"; THENCE ALONG SAID LAST MENTIONED PARALLEL LINE, SOUTH 67° 30' 04" EAST, 136.45 FEET TO THE BEGINNING OF A TANGENT CURVE CONCENTRIC WITH AND 20.00 FEET NORTHEASTERLY, MEASURED RADIALLY, FROM SAID 55.50-FOOT RADIUS CURVE HAVING AN ARC DISTANCE OF 21.47 FEET; THENCE SOUTHEASTERLY ALONG SAID LAST MENTIONED CONCENTRIC CURVE THROUGH A CENTRAL ANGLE OF 22° 09' 46", AN ARC DISTANCE OF 29.20 FEET TO A LINE PARALLEL WITH AND DISTANT 20.00 FEET NORTHEASTERLY, MEASURED AT RIGHT ANGLES, FROM SAID COURSE HAVING A BEARING AND DISTANCE OF "NORTH 45° 20' 18" WEST 121.56 FEET"; THENCE, ALONG SAID LAST MENTIONED PARALLEL LINE, SOUTH 45° 20' 18" EAST 121.56 FEET TO THE BEGINNING OF A TANGENT CURVE CONCENTRIC WITH AND 20.00 FEET NORTHEASTERLY, MEASURED RADIALLY, FROM SAID 74.50-FOOT RADIUS CURVE; THENCE SOUTHEASTERLY ALONG SAID LAST MENTIONED CONCENTRIC CURVE THROUGH A CENTRAL ANGLE OF 09° 21' 53", AN ARC DISTANCE OF 8.91 FEET TO A NON-TANGENT LINE PARALLEL WITH AND DISTANT 15.00 FEET NORTHERLY, MEASURED AT RIGHT ANGLES, FROM SAID CERTAIN COURSE HAVING A BEARING AND DISTANCE OF "NORTH 89° 57' 57" WEST 94.08 FEET" IN THE GENERALLY NORTHEASTERLY BOUNDARY OF THAT CERTAIN 10-FOOT WIDE EASEMENT FOR WATER PIPELINES AND APPURTENANCES AND DRAINAGE AND INGRESS/EGRESS PURPOSES IN SAID LOT 53, GRANTED TO THE LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 36, VAL VERDE, AS

EXHIBIT "A"

WATERWORKS DISTRICT NO. 36
SPECIFICATION NO. 36-72
DISTRIBUTION MAP NOS. H-15 AND I-15
A.P.N. 2866-062-026 AND 030 (PORTIONS)

SHOWN ON SAID TRACT; THENCE ALONG SAID LAST MENTIONED PARALLEL LINE, SOUTH 89° 57' 57" EAST 100.27 FEET TO THAT CERTAIN 288.00-FOOT RADIUS CURVE IN THE EASTERLY BOUNDARY OF SAID LOT 53; THENCE SOUTHERLY ALONG SAID LAST MENTIONED CERTAIN CURVE THROUGH A CENTRAL ANGLE OF 04° 43' 30", AN ARC DISTANCE OF 23.75 FEET TO THE NORTHERLY TERMINUS OF SAID FIRST MENTIONED CERTAIN COURSE IN SAID EASTERLY BOUNDARY; THENCE ALONG SAID FIRST MENTIONED CERTAIN COURSE, SOUTH 00° 00' 00" EAST 33.48 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING AN AREA OF 17,011 SQUARE FEET, MORE OR LESS.

PARCEL 2 (EASEMENT FOR ACCESS ROAD PURPOSES):

THAT PORTION OF LOT 59 OF ABOVE MENTIONED TRACT NO. 52584-01, WITHIN THAT CERTAIN 20-FOOT WIDE AND VARIABLE WIDTH EASEMENT FOR WATER PIPELINES AND APPURTENANCES AND DRAINAGE AND INGRESS/EGRESS PURPOSES GRANTED TO THE LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 36, VAL VERDE.

CONTAINING AN AREA OF 13,804 SQUARE FEET, MORE OR LESS.

SEE EXHIBIT "B" ATTACHED HERETO AND MADE A PART HEREOF.



Robert R. Sims

ROBERT R. SIMS, R.C.E. 21649
EXPIRES: 9/30/2011

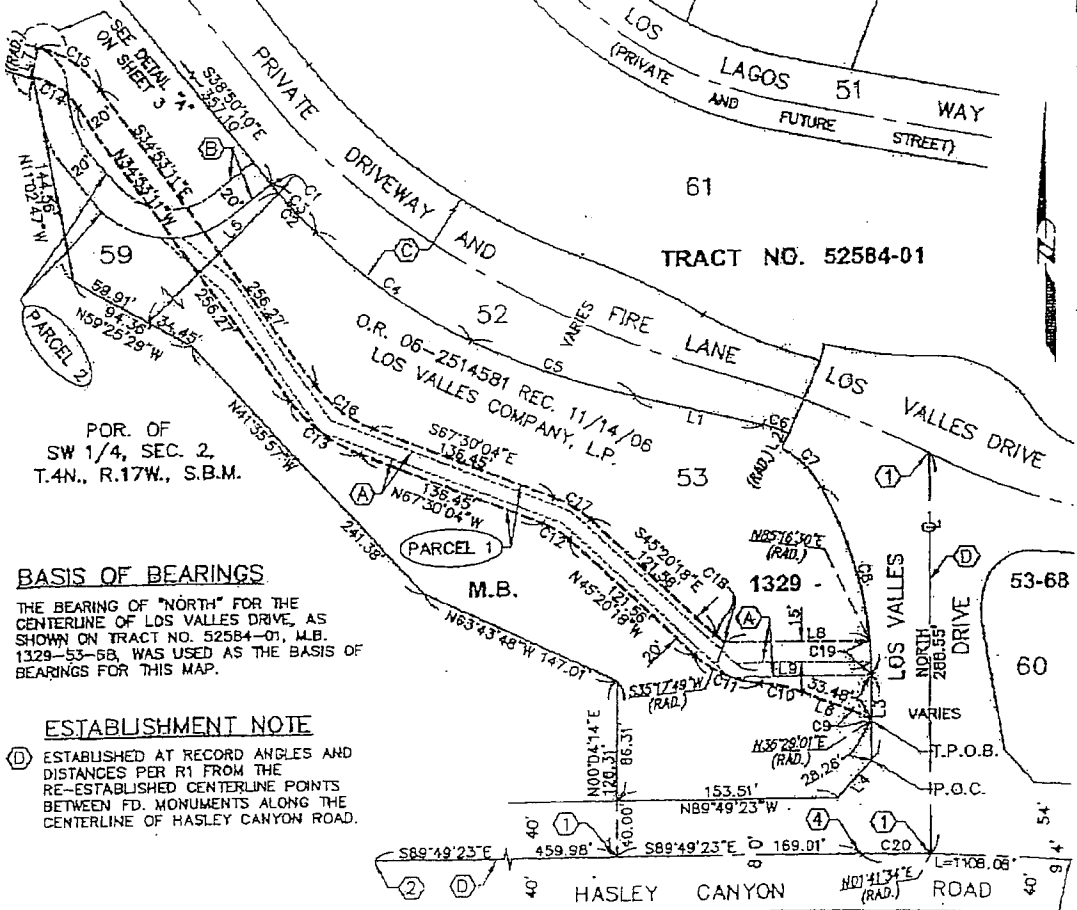
12/2/09

DATE

EXHIBIT "A"

SCALE 1"=100'

SEE SHEET 3



BASIS OF BEARINGS

THE BEARING OF "NORTH" FOR THE CENTERLINE OF LOS VALLES DRIVE, AS SHOWN ON TRACT NO. 52584-01, M.B. 1329-53-58, WAS USED AS THE BASIS OF BEARINGS FOR THIS MAP.

ESTABLISHMENT NOTE

- (D) ESTABLISHED AT RECORD ANGLES AND DISTANCES PER R1 FROM THE RE-ESTABLISHED CENTERLINE POINTS BETWEEN FD. MONUMENTS ALONG THE CENTERLINE OF HASLEY CANYON ROAD.

A.P.N. 2866-062-026 AND 030 (PORTIONS)
SPEC. NO.: 36-72
AREA OF PARCEL 1: 17,011 SQ. FT
AREA OF PARCEL 2: 13,804 SQ. FT

SEE LEGEND ON SHEET 2
SEE SHEET 2 FOR LINE AND CURVE DATA

LAND DESIGN CONSULTANTS INC.
Land Planning, Civil Engineering, Surveying & Environmental Services
199 South Robles Avenue, Suite 250, Pasadena CA 91101
Ph. (626) 578-7000 Fax: (626) 578-7373

EXHIBIT "B"

SHEET 1 OF 3 SHEETS

NOT TO SCALE

LINE AND CURVE DATA FOR SHEET 1 AND DETAIL "B" HEREON

LINE TABLE		
LINE	BEARING	LENGTH
L1	N76°04'19"W	92.48'
L2	N27°25'23"E	12.00'
L3	S00°00'00"E	61.74'
L4	S40°31'09"W	35.51'
L5	S45°00'07"W	126.82'
L6	N68°37'27"W	57.42'
L7	N13°34'55"E	20.00'
L8	N89°57'57"W	100.27'
L9	N89°57'57"W	94.08'
L10	N06°18'51"W	1.06'
L11	S90°00'00"W	14.47'
L12	N39°37'34"W	58.51'
L13	S90°00'00"W	20.01'

CURVE TABLE			
CURVE	DELTA	RADIUS	LENGTH
C1	00°59'46"	500.00'	8.59'
C2	04°14'13"	500.00'	38.97'
C3	05°13'59"	500.00'	45.67'
C4	19°15'31"	400.00'	134.45'
C5	12°44'39"	538.00'	119.57'
C6	13°28'42"	80.00'	18.84'
C7	34°43'48"	68.00'	41.22'
C8	27°50'49"	288.00'	139.97'
C9	15°06'28"	55.50'	14.53'
C10	16°50'20"	100.50'	28.54'
C11	39°39'59"	74.50'	51.58'
C12	22°09'46"	55.50'	21.47'
C13	32°36'53"	109.50'	62.33'
C14	41°31'54"	55.50'	40.23'
C15	41°31'54"	75.50'	54.73'
C16	32°36'53"	89.50'	50.95'
C17	22°09'46"	75.50'	29.20'
C18	09°21'53"	54.50'	8.91'
C19	04°43'30"	288.00'	23.75'
C20	01°30'57"	1800.00'	47.62'
C21	71°34'50"	40.50'	50.60'

REFERENCE

R1 = TRACT NO. 52584-01, M.B. 1329-53-68.

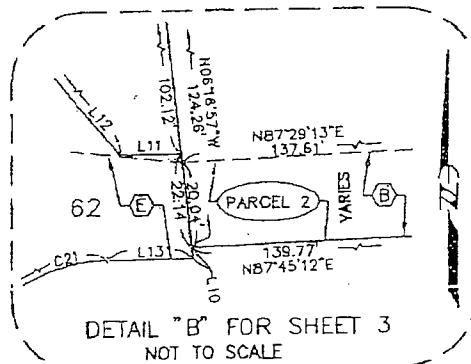
LEGEND

P.O.C. = POINT OF COMMENCING
T.P.O.B. = TRUE POINT OF BEGINNING

- (A) EXISTING 10' WIDE EASEMENT FOR WATER PIPELINES & APPURTENANCES AND DRAINAGE AND INGRESS/EGRESS PURPOSES OF L.A. COUNTY WATERWORKS DISTRICT NO. 36 PER R1.
- (B) EXISTING 20' WIDE AND VARIABLE WIDTH EASEMENT OF THE LOS ANGELES COUNTY FLOOD CONTROL DISTRICT FOR COVERED STORM DRAIN, APPURTENANT STRUCTURES AND INGRESS AND EGRESS PURPOSES, AND OF L.A. COUNTY WATERWORKS DISTRICT NO. 36 FOR WATER PIPELINES & APPURTENANCES AND DRAINAGE AND INGRESS/EGRESS PURPOSES, AND DRAINAGE AND INGRESS/EGRESS PURPOSES, BOTH PER R1.
- (C) EXISTING EASEMENT OF THE LOS ANGELES COUNTY FLOOD CONTROL DISTRICT FOR COVERED STORM DRAIN, APPURTENANT STRUCTURES AND INGRESS AND EGRESS PURPOSES, OF L.A. COUNTY WATERWORKS DISTRICT NO. 36 FOR WATER PIPELINES & APPURTENANCES AND DRAINAGE AND INGRESS/EGRESS PURPOSES, AND OF THE COUNTY OF LOS ANGELES FOR SANITARY SEWER PURPOSES, ALL PER R1.
- (E) EXISTING EASEMENT OF THE LOS ANGELES COUNTY FLOOD CONTROL DISTRICT FOR COVERED STORM DRAIN, APPURTENANT STRUCTURES AND INGRESS AND EGRESS PURPOSES PER R1.

LEGEND

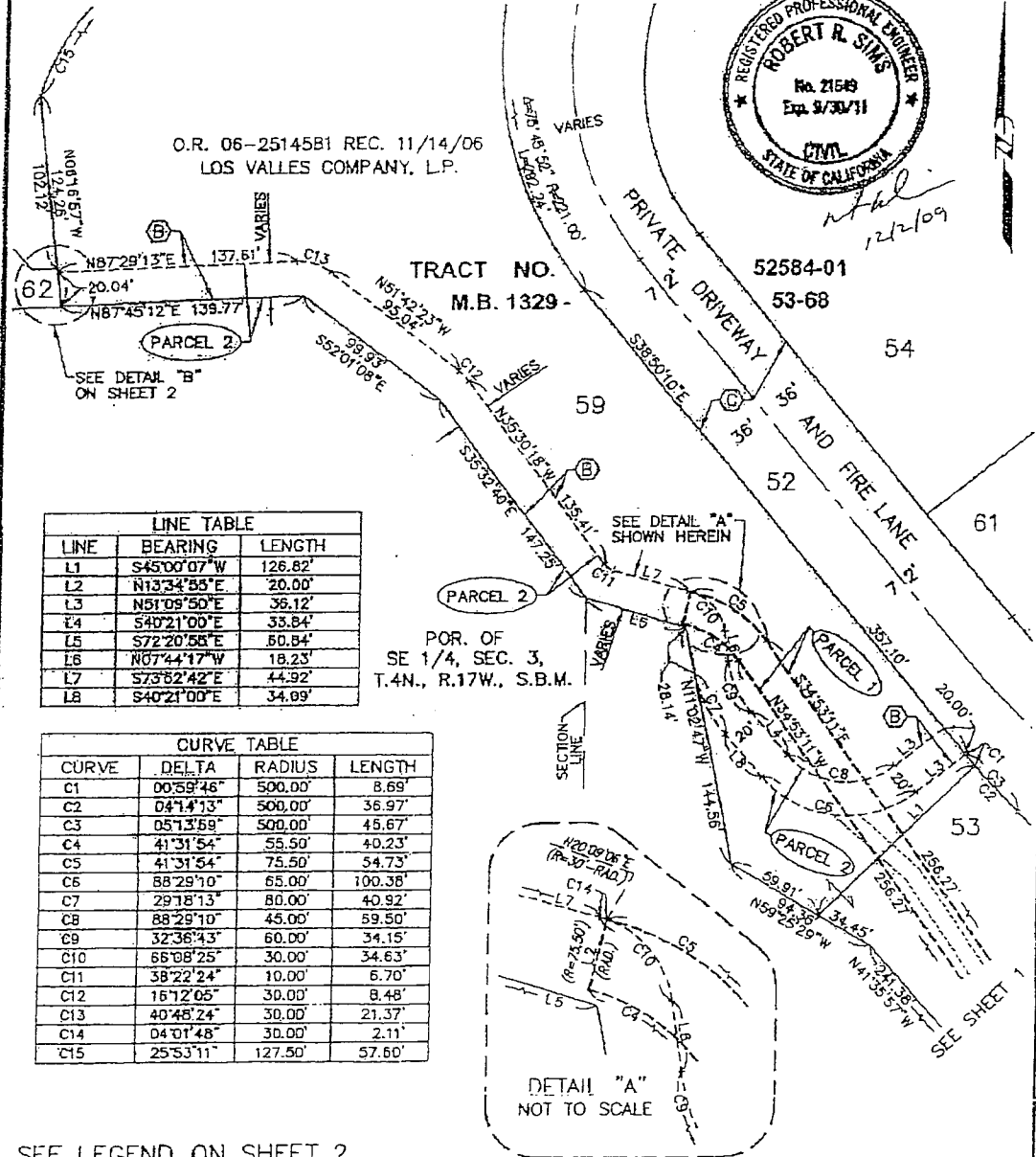
- (1) S&W "LS 4755", TO BE SET, FLUSH, PER R1.
- (2) FD. 2" I.P. W/ CONC. PLUG AND NAIL TAGGED "LACO ENG" IN WELL DOWN 1.0', PER R1.
- (3) FD. S&W "RCE 15913", FLUSH, PER R1, AT S38°41'27"W 0.33' FROM THE INTERSECTION OF THE CENTERLINE OF HASLEY CYN. ROAD AND THE S'LY LINE OF THE NE 1/4, SW 1/4, FRAC. SEC 2, T.4N., R.17W., S.B.W.
- (4) S&W "LS 4755" TO BE SET, FLUSH, PER P.M. NO. 20685-01, P.M.B. 327-21-31.



LAND DESIGN CONSULTANTS INC.
Land Planning, Civil Engineering, Surveying & Environmental Services
 199 South Robles Avenue, Suite 250, Pasadena CA 91101
 Ph. (626) 578-7000 Fax: (626) 578-7373

EXHIBIT "B"
 SHEET 2 OF 3 SHEETS

SCALE 1"=80'



LINE TABLE		
LINE	BEARING	LENGTH
L1	S45°00'07"W	126.82'
L2	N13°34'55"E	20.00'
L3	N51°09'50"E	36.12'
L4	S40°21'00"E	33.84'
L5	S72°20'55"E	60.84'
L6	N07°44'17"W	18.23'
L7	S73°52'42"E	44.92'
L8	S40°21'00"E	34.09'

CURVE TABLE			
CURVE	DELTA	RADIUS	LENGTH
C1	00°59'46"	500.00'	8.69'
C2	04°14'13"	500.00'	36.97'
C3	05°13'59"	500.00'	45.67'
C4	41°31'54"	55.50'	40.23'
C5	41°31'54"	75.50'	54.73'
C6	58°29'10"	65.00'	100.38'
C7	29°18'13"	80.00'	40.92'
C8	88°29'10"	45.00'	59.50'
C9	32°36'43"	60.00'	34.15'
C10	65°08'25"	30.00'	34.63'
C11	38°22'24"	10.00'	6.70'
C12	16°12'05"	30.00'	8.48'
C13	40°48'24"	30.00'	21.37'
C14	04°01'48"	30.00'	2.11'
C15	25°53'11"	127.50'	57.60'

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Land Planning, Civil Engineering, Surveying & Environmental Services

199 South Robles Avenue, Suite 250, Pasadena CA 91101
Ph. (626) 578-7000 Fax: (626) 578-7373

EXHIBIT "B"

SHEET 3 OF 3 SHEETS

WATERWORKS DISTRICT NO. 36
SPECIFICATION NO. 36-72
DISTRIBUTION MAP NO. H-15
A.P.N. 3247-032-051 (PORTION)

LEGAL DESCRIPTION

PARCEL 3 (EASEMENT FOR SLOPE PURPOSES):

THAT PORTION OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WITHIN THE FOLLOWING DESCRIBED BOUNDARIES:

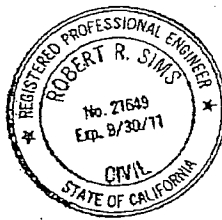
BEGINNING AT THE MOST EASTERLY, SOUTHEASTERLY CORNER OF LOT 62 OF TRACT NO. 52584-01, AS SHOWN ON MAP FILED IN BOOK 1329, PAGES 53 THROUGH 68, INCLUSIVE, OF MAPS, IN THE OFFICE OF THE REGISTRAR-RECORDER/COUNTY CLERK OF SAID COUNTY; THENCE WESTERLY ALONG THE GENERALLY SOUTHERLY BOUNDARY OF SAID LOT AND CONTINUING SOUTHWESTERLY, NORTHWESTERLY AND NORTHERLY ALONG THE GENERALLY SOUTHERLY AND WESTERLY BOUNDARIES OF SAID LOT TO THE NORTHEASTERLY TERMINUS OF THAT CERTAIN 18.00-FOOT CURVE IN SAID WESTERLY BOUNDARY, THE RADIAL OF SAID CURVE TO SAID TERMINUS BEARS NORTH 44° 58' 15" WEST; THENCE NORTHWESTERLY ALONG THE NORTHWESTERLY PROLONGATION OF SAID RADIAL, NORTH 44° 58' 15" WEST 3.70 FEET; THENCE SOUTH 64° 56' 18" WEST 10.84 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE EASTERLY AND HAVING A RADIUS OF 30.00 FEET; THENCE SOUTHERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 111° 10' 20", AN ARC DISTANCE OF 58.21 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 136.00 FEET; THENCE SOUTHEASTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 09° 02' 48", AN ARC DISTANCE OF 21.47 FEET; THENCE TANGENT TO SAID LAST MENTIONED CURVE, SOUTH 47° 11' 14" EAST 44.28 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 29.98 FEET; THENCE SOUTHEASTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 35° 28' 16", AN ARC DISTANCE OF 18.56 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 92.08 FEET; THENCE SOUTHEASTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 31° 32' 20", AN ARC DISTANCE OF 50.69 FEET TO THE BEGINNING OF A COMPOUND CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 18.90 FEET; THENCE SOUTHEASTERLY ALONG SAID LAST MENTIONED CURVE THROUGH A CENTRAL ANGLE OF 39° 05' 45", AN ARC DISTANCE OF 12.90 FEET; THENCE TANGENT TO SAID LAST MENTIONED CURVE, SOUTH 82° 21' 03" EAST 9.16 FEET; THENCE SOUTH 88° 13' 45" EAST 8.60 FEET; THENCE NORTH 77° 03' 45" EAST 8.98 FEET; THENCE NORTH 41° 40' 45" EAST 14.06 FEET; THENCE NORTH

WATERWORKS DISTRICT NO. 36
SPECIFICATION NO. 36-72
DISTRIBUTION MAP NO. H-15
A.P.N. 3247-032-051 (PORTION)

15° 49' 48" EAST 75.72 FEET TO THE BEGINNING OF A TANGENT CURVE
CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 44.00 FEET; THENCE
NORTHEASTERLY AND EASTERLY ALONG SAID LAST MENTIONED CURVE
THROUGH A CENTRAL ANGLE OF 74° 10' 12", AN ARC DISTANCE OF 56.96 FEET;
THENCE TANGENT TO SAID LAST MENTIONED CURVE, NORTH 90° 00' 00" EAST
8.26 FEET TO THE SOUTHERLY PROLONGATION OF THAT CERTAIN COURSE
HAVING A BEARING AND DISTANCE OF "NORTH 06° 16' 51" WEST 1.06 FEET" IN
THE EASTERLY BOUNDARY OF SAID LOT 82; THENCE ALONG SAID
PROLONGATION, NORTH 06° 16' 51" WEST 9.21 FEET TO THE POINT OF
BEGINNING.

CONTAINING AN AREA OF 7,235 SQUARE FEET, MORE OR LESS.

SEE EXHIBIT "D" ATTACHED HERETO AND MADE A PART HEREOF.

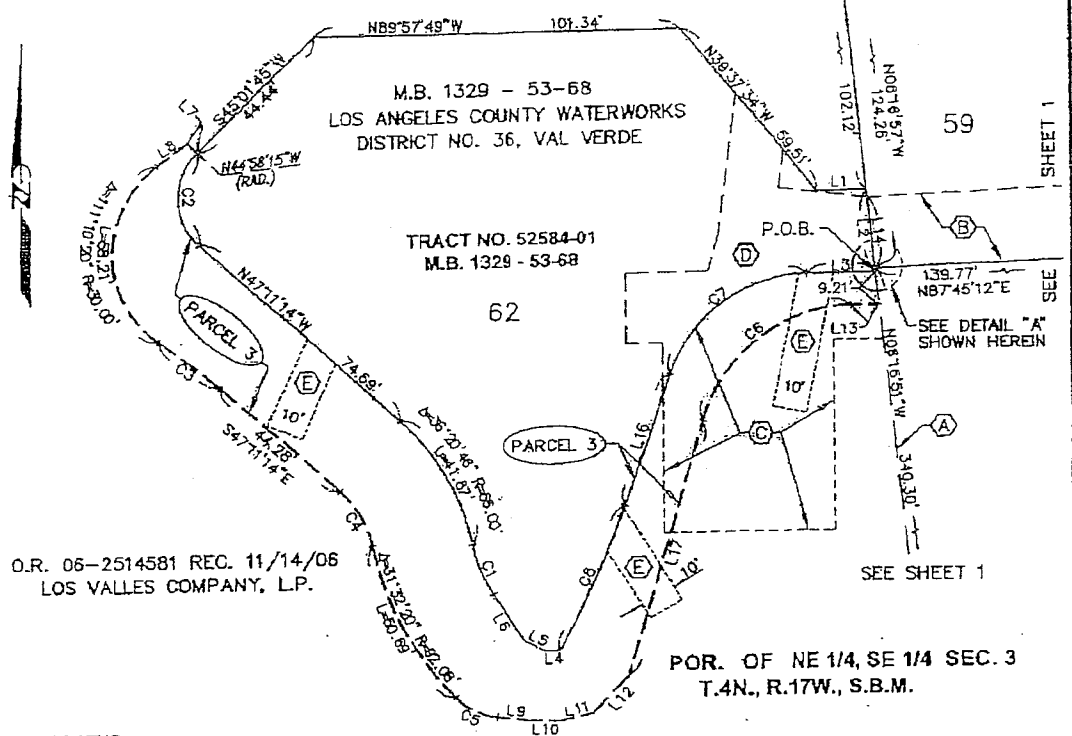


rtal
ROBERT R. SIMS, R.C.E. 21649
EXPIRES: 9/30/2011

12/2/09
DATE

EXHIBIT "C"

SCALE 1"=40'



O.R. 06-2514581 REC. 11/14/06
LOS VALLES COMPANY, L.P.

POR. OF NE 1/4, SE 1/4 SEC. 3
T.4N., R.17W., S.B.M.

LEGEND

- ① FD. 3/4" I.P. W/ CONC. PLUG AND SQ. BOLT IN WELL, DOWN 0.7', PER R1.
- ② FD. 2" I.P. W/ CONC. PLUG AND NAIL TAGGED "LACD ENG" IN WELL DOWN 1.0', PER R1.
- Ⓐ BOUNDARY LINE DESCRIBED IN DEED RECORDED ON MARCH 17, 2004 AS INSTRUMENT NO. 04-0634650, Q.R., AND SHOWN ON R1.
- Ⓑ EXISTING 20' WIDE AND VARIABLE WIDTH EASEMENT OF R2 FOR COVERED STORM DRAIN, APPURTENANT STRUCTURES AND INGRESS AND EGRESS PURPOSES, AND OF R3 FOR WATER PIPELINES & APPURTENANCES AND DRAINAGE AND INGRESS/EGRESS PURPOSES, BOTH PER R1.
- Ⓒ EXISTING EASEMENT OF R2 FOR FLOOD CONTROL PURPOSES PER R1.
- Ⓓ EXISTING EASEMENT OF R2 FOR COVERED STORM DRAIN, APPURTENANT STRUCTURES AND INGRESS AND EGRESS PURPOSES PER R1.
- Ⓔ EXISTING EASEMENT OF R3 FOR WATER PIPELINES & APPURTENANCES AND DRAINAGE AND INGRESS/EGRESS PURPOSES PER R1.

REFERENCE

- R1 = TRACT NO. 52584-01, M.B. 1329-53-68.
R2 = THE LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
R3 = THE LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 36.

SEE SHEET 3 FOR LINE AND CURVE DATA

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Land Planning, Civil Engineering, Surveying & Environmental Services

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Ph. (626) 578-7000 Fax: (626) 578-7373

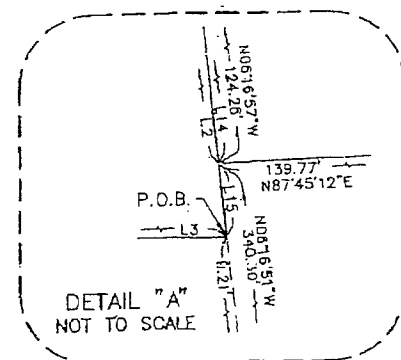


EXHIBIT "D"

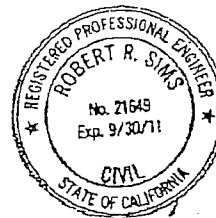
SHEET 2 OF 3 SHEETS

NOT TO SCALE

LINE AND CURVE DATA FOR SHEET 2

CURVE TABLE			
CURVE	DELTA	RADIUS	LENGTH
C1	21°12'03"	42.00'	15.54'
C2	92°12'59"	18.00'	28.97'
C3	09°02'48"	136.00'	21.47'
C4	35°28'16"	29.98'	18.56'
C5	39°05'45"	18.90'	12.90'
C6	74°10'12"	44.00'	56.96'
C7	71°34'50"	40.50'	50.60'
C8	09°45'45"	255.00'	45.15'

LINE TABLE		
LINE	BEARING	LENGTH
L1	N90°00'00"W	14.47'
L2	N06°16'57"W	22.14'
L3	S90°00'00"W	20.01'
L4	N90°00'00"W	4.20'
L5	N59°54'32"W	6.42'
L6	N32°02'31"W	15.93'
L7	N44°58'15"W	3.70'
L8	S54°56'18"W	10.84'
L9	S82°21'03"E	9.16'
L10	S88°13'45"E	8.60'
L11	N77°03'45"E	8.98'
L12	N41°40'45"E	14.06'
L13	N90°00'00"E	8.26'
L14	N06°16'57"W	20.04'
L15	N06°16'51"W	1.06'
L16	S18°25'10"W	39.13'
L17	N15°49'48"E	75.72'



Handwritten signature and date:
12/2/09

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 Ph. (626) 578-7000 Fax: (626) 578-7373

EXHIBIT "D"

SHEET 3 OF 3 SHEETS

This page is part of your document - DO NOT DISCARD

06 0271916

RECORDED/FILED IN OFFICIAL RECORDS
RECORDER'S OFFICE
LOS ANGELES COUNTY
CALIFORNIA
02/06/06 AT 08:00am

TITLE(S) :



FEE	
FEE \$	130.00
DAF \$	8.00
C-20	35

D.T.T.

NOTIFICATION SENT \$4 ©

CODE
20

CODE
19

CODE
9

Assessor's Identification Number (AIN)

To be completed by Examiner OR Title Company in black Ink.

Number of AIN's Shown

THIS FORM IS NOT TO BE DUPLICATED

2/6/06

RECORDING REQUESTED BY
FIDELITY NATIONAL TITLE

06 0271916

RECORDED AT THE REQUEST OF AND
WHEN RECORDED, PLEASE MAIL TO:

LOS VALLES LAND & GOLF, LLC

c/o Palmer Investments, Inc.
233 Wilshire Boulevard, Suite 800
Santa Monica, CA 90401

Attention: Dan S. Palmer, Jr.

9729007-JP

SUBORDINATED

DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS
SECURITY AGREEMENT, AND FIXTURE FILING

Dated: As of January 31, 2006

NOTICE: THIS DEED OF TRUST CONTAINS A SUBORDINATION CLAUSE WHICH MAY RESULT IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THE PERSONAL PROPERTY IN WHICH BENEFICIARY HAS A SECURITY INTEREST INCLUDES GOODS WHICH ARE OR SHALL BECOME FIXTURES ON THE PREMISES. THIS DEED OF TRUST SHALL CONSTITUTE A "FIXTURE FILING" FOR THE PURPOSES OF THE UNIFORM COMMERCIAL CODE. THIS FILING IS TO BE RECORDED IN THE REAL ESTATE RECORDS OF THE APPROPRIATE COUNTY IN WHICH THE PREMISES ARE LOCATED.

LOS VALLES COMPANY, INC.,
a California corporation
(Trustor)

to
FIDELITY NATIONAL TITLE INSURANCE COMPANY
(Trustee)

for the Benefit of

LOS VALLES LAND & GOLF, LLC,
a Delaware limited liability company
(Beneficiary)

2/6/06

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**SUBORDINATED DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS,
SECURITY AGREEMENT AND FIXTURE FILING**

THIS SUBORDINATED DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("*Deed Of Trust*"), made as of the 31st day of January, 2006, by and among Los Valles Company, Inc., a California corporation, herein called "*Trustor*" or "*Borrower*," whose address is 233 Wilshire Boulevard, Suite 800, Santa Monica, California 90401, Fidelity National title Insurance Company, herein called "*Trustee*," and Los Valles Land & Golf, LLC, a Delaware limited liability company, whose address is 233 Wilshire Boulevard, Suite 800, Santa Monica, California 90401, herein called "*Beneficiary*." Capitalized terms used herein without definition have the same meaning as defined in the PSA.

WHEREAS, Trustor is the buyer and Beneficiary is the seller under a certain Purchase and Sale Agreement dated as of January 3, 2006 (as amended, modified, restated, consolidated or supplemented from time to time, the "*PSA*") pursuant to which Trustor is concurrently herewith purchasing the Trust Property (defined below) from Beneficiary. As part of the purchase price paid by Trustor to Beneficiary for the Trust Property under the PSA, Trustor has delivered to Beneficiary that certain Promissory Note Secured by Deed of Trust in the original principal amount of Twenty Eight Million One Hundred Ten Thousand Seven Hundred Twenty Six Dollars (\$28,110,726) dated as of the date hereof and made by Trustor in favor of Beneficiary (as the same may be amended, modified, restated, severed, consolidated, renewed, replaced, or supplemented from time to time, collectively, the "*Note*"). The Note is secured by this Deed of Trust.

WHEREAS, the Trust Property is subject to the following, which are senior, and prior to the Note and this Deed of Trust: (a) an existing first priority security interest, the lien of which is secured by that certain Construction Deed of Trust, Assignment of Leases and Rents and Security Agreement (Including Fixture Filing) to secure an original indebtedness of \$27,368,421.00, recorded March 17, 2004 as Instrument No. 04-624651 of the Official Records, dated March 1, 2004, given by Beneficiary, as trustor, to First American Title Company, as trustee, for the benefit of Bank Midwest, N.A., as beneficiary, and (b) an existing second priority security interest, the lien of which is secured by that certain Deed of Trust, Assignment of Rents and Security Agreement (Second Position) to secure an original indebtedness of \$11,700,000.00, recorded March 17, 2004 as Instrument No. 04-624652 of the Official Records, dated March 3, 2004, given by Beneficiary, as trustor, to First American Title Insurance Company, as trustee, for the benefit of USA Commercial Mortgage Company, as agent for or an attorney-in-fact for Michael M. Aildredge, et al., as beneficiary (collectively (a) and (b) above are the "*Existing Loans*").

WHEREAS, Trustor intends to (but shall not be required to) develop, improve, construct, entitle, subdivide, prepare market and sell the land constituting the Trust Property (defined below) in a manner suitable for use as a residential community consisting of 209 separate legal homesite lots and a golf course and various open spaces and common areas, and in order to finance such development and other activities just mentioned and to refinance the Existing Loans described herein, Trustor intends (during the term hereof) to grant the Trust Property as security for one or more loans from one or more new lender(s) ("*Future Lenders*"), which loans are intended to be entered into hereafter (such loans, as the same may be amended, restated, severed,

2/6/06

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NOTICE: THIS DEED OF TRUST CONTAINS A SUBORDINATION CLAUSE WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed as of the date first set forth above.

SIGNATURE OF TRUSTOR:

LOS VALLES COMPANY, INC.,
a California corporation

By: 

Dan S. Palmer, Jr., Its President

Beneficiary hereby accepts this Deed of Trust and, without limitation, Beneficiary specifically agrees to all of the subordination provisions and partial reconveyance provisions hereof.

SIGNATURE OF BENEFICIARY:

LOS VALLES LAND & GOLF, LLC,
a Delaware Limited Liability Company

By: Palmer-Los Valles, LLC, its managing member

By: Palmer Investments, Inc., its managing member

By: 

Dan S. Palmer, Jr.
President

2/6/06

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EXHIBIT "A"

LEGAL DESCRIPTION ATTACHED

FOR GOVERNMENT
USE ONLY

800371 0003 WEST 5834899 v10

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EXHIBIT "A"

Legal Description

PARCEL 1: (APN 2888-052-001, 2888-001-017, 2888-001-078, 2888-001-079, 2888-001-071, 2888-001-074, 3247-032-001, 3247-032-035 AND 3247-032-043 TO 045, INCLUSIVE)

PARCEL 1 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 101,822, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH RECORDED MAY 24, 2002 AS INSTRUMENT NO. 02-1208159 OF OFFICIAL RECORDS.

(EXCEPT 50 PERCENT INTEREST IN ALL OIL, GAS, PETROLEUM, HYDROCARBONS AND OTHER KINDRED SUBSTANCES IN AND LYING UNDER SAID LAND, BUT WITHOUT SURFACE RIGHT OF ENTRY AS RESERVED BY LORETTA J. MAEDER AND ET AL., IN DEED RECORDED APRIL 16, 1983, IN BOOK D1991 PAGE 715, OFFICIAL RECORDS.

ALSO EXCEPT A 25 PERCENT INTEREST IN ALL OIL, GAS, PETROLEUM, HYDROCARBONS AND OTHER KINDRED SUBSTANCES IN AND LYING UNDER SAID LAND, WITHOUT THE RIGHT OF SURFACE ENTRY, BELOW A DEPTH OF 600 FEET, AS RESERVED BY EDMOND H. BURNS AND FLORENCE A. BURNS, HUSBAND AND WIFE, IN DEED RECORDED MAY 19, 1983 IN BOOK D4373 PAGE 520, OFFICIAL RECORDS.

ALSO EXCEPT FROM THAT PORTION OF PARCELS 1 AND 3 OF SAID PARCEL MAP NO. 22659, DESCRIBED IN DEED RECORDED MARCH 12, 1958 AS INSTRUMENT NO. 728, IN BOOK 59063 PAGE 48 OFFICIAL RECORDS, AN UNDIVIDED ONE-THIRD OF ALL OIL, GAS AND OTHER RIGHTS AS RESERVED IN DEED FROM LEA STEVENS MCGILLIVRAE RECORDED MARCH 12, 1958 IN BOOK 50563 PAGE 48 OFFICIAL RECORDS.

ALL RIGHTS, TITLE AND INTEREST TO THE SURFACE AND THAT PORTION OF THE SUBSURFACE DOWN TO A DEPTH OF 600 FEET BELOW THE SURFACE THEREOF TOGETHER WITH ALL RIGHTS OF SURFACE ENTRY THEREON HAS BEEN QUITCLAIMED BY LEA STEVENS MCGILLIVRAE BY DEED RECORDED NOVEMBER 28, 1988 AS INSTRUMENT NO. 730, IN BOOK D4567 PAGE 44 OFFICIAL RECORDS.

ALSO EXCEPT FROM THAT PORTION OF PARCEL 1 OF SAID PARCEL MAP NO. 22659, DESCRIBED IN DEED RECORDED JULY 24, 1983 AS INSTRUMENT NO. 351, IN BOOK D2116 PAGE 160, OFFICIAL RECORDS, AN UNDIVIDED 50 PER CENT OF 100 PER CENT OF ALL OIL, GAS, MINERAL AND OTHER HYDROCARBON SUBSTANCES LYING IN OR UNDER SAID LAND, BUT WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED BY ANGELA HARRISON, A WIDOW, IN DEED RECORDED JULY 24, 1983 AS INSTRUMENT NO. 351, IN BOOK D2116 PAGE 160 OFFICIAL RECORDS.

ALSO EXCEPT FROM THAT PORTION OF SAID LAND DESCRIBED IN THE HERINAFTER MENTIONED DEED, ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND LYING BELOW A DEPTH OF 600 FEET FROM THE SURFACE THEREOF, BUT WITH NO RIGHT OF SURFACE ENTRY, AS PROVIDED IN THE DEED RECORDED DECEMBER 8, 1899 AS INSTRUMENT NO. 99-2241409 AND

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RE-RECORDED APRIL 23, 2001 AS INSTRUMENT NO. 01-889940 AS RESERVED BY NEWHALL LAND AND FARMING COMPANY, A CALIFORNIA LIMITED PARTNERSHIP.

ALSO EXCEPT FROM THAT PORTION OF SAID LAND DESCRIBED IN THE HEREINAFTER MENTIONED DEED, THE SUBSURFACE WATER RIGHTS, BUT WITHOUT THE RIGHT OF ENTRY TO THE SURFACE OR SUBSURFACE ABOVE A DEPTH OF 80 FEET, AS PROVIDED IN THE DEED TO ANDREA ALLEN GONZALES, ET. AL. RECORDED DECEMBER 8, 1989 AS INSTRUMENT NO. 89-2241409 AND RE-RECORDED APRIL 23, 2001 AS INSTRUMENT NO. 01-889940 AS RESERVED BY NEWHALL LAND AND FARMING COMPANY, A CALIFORNIA LIMITED PARTNERSHIP.

ALSO EXCEPT FROM THAT PORTION OF SAID LAND DESCRIBED IN THE HEREINAFTER MENTIONED DEED, ALL MINERAL INTERESTS, INCLUDING BUT NOT LIMITED TO ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES WHETHER NOW KNOWN TO EXIST OR HEREFTER DISCOVERED, INCLUDING BUT NOT LIMITED TO RIGHTS TO EXPLORE FOR, DEVELOP AND REMOVE SUCH OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, WITHOUT, HOWEVER, ANY RIGHT TO USE THE SURFACE OF SAID LAND OR ANY OTHER PORTION THEREOF INCLUDING THE RIGHT OF SURFACE ENTRY FOR A DEPTH OF 200 FEET MEASURED FROM THE SURFACE OF SUCH REAL PROPERTY FOR ANY PURPOSE WHATSOEVER, AS RESERVED BY ANDREA ALLEN GONZALES, ET. AL. IN THE DEED RECORDED FEBRUARY 18, 2003 AS INSTRUMENT NO. 03-0470027.

ALSO EXCEPT FROM THAT PORTION OF SAID LAND DESCRIBED IN THE HEREINAFTER MENTIONED DEED, ALL MINERAL INTERESTS, INCLUDING BUT NOT LIMITED TO ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES WHETHER NOW KNOWN TO EXIST OR HEREFTER DISCOVERED, INCLUDING BUT NOT LIMITED TO RIGHTS TO EXPLORE FOR, DEVELOP AND REMOVE SUCH OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, AND INCLUDING THE RIGHT TO USE THE SURFACE OF SAID LAND AND ANY OTHER PORTION THEREOF INCLUDING THE RIGHT OF SURFACE ENTRY, AS RESERVED BY AMERICAN ENERGY OPERATIONS, INC., A CALIFORNIA CORPORATION, IN THE DEED RECORDED FEBRUARY 18, 2003 AS INSTRUMENT NO. 03-0470030.

THE RIGHT OF SURFACE ENTRY TO THE SURFACE AND THAT PORTION OF THE SUBSURFACE TO A DEPTH OF 500 FEET OF SAID LAND WAS QUITCLAIMED BY QUITCLAIM DEED EXECUTED BY AMERICAN ENERGY OPERATIONS, INC., A CALIFORNIA CORPORATION, RECORDED JULY 29, 2003 INSTRUMENT NO. 03-2134554.

PARCEL 2: (APN 3247-032-048)

PARCEL 2 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 101,922, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH RECORDED MAY 24, 2002 AS INSTRUMENT NO. 02-1208169 OF OFFICIAL RECORDS.

EXCEPT 50 PERCENT INTEREST IN ALL OIL, GAS, PETROLEUM, HYDROCARBONS AND OTHER KINDRED SUBSTANCES IN AND LYING UNDER SAID LAND, BUT WITHOUT SURFACE RIGHT OF ENTRY AS RESERVED BY LORETTE J. MAEDER AND ET AL, IN DEED RECORDED APRIL 15, 1983, IN BOOK D 1891 PAGE 718, OFFICIAL RECORDS.

EXHIBIT "A" - PAGE 2 OF 6

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ALSO EXCEPT A 25 PERCENT INTEREST IN ALL OIL, GAS, PETROLEUM, HYDROCARBONS AND OTHER KINDRED SUBSTANCES IN AND LYING UNDER SAID LAND, WITHOUT THE RIGHT OF SURFACE ENTRY, BELOW A DEPTH OF 500 FEET, AS RESERVED BY EDMOND H. BURNS AND FLORENCE H. BURNS, HUSBAND AND WIFE, IN DEED RECORDED MAY 19, 1989 IN BOOK D-5373 PAGE 520, OFFICIAL RECORDS.

ALSO EXCEPT THEREFROM, ALL MINERAL INTERESTS, INCLUDING BUT NOT LIMITED TO ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES WHETHER NOW KNOWN TO EXIST OR HEREAFTER DISCOVERED, INCLUDING BUT NOT LIMITED TO RIGHTS TO EXPLORE FOR, DEVELOP AND REMOVE SUCH OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, WITHOUT, HOWEVER, ANY RIGHT TO USE THE SURFACE OF SAID LAND OR ANY OTHER PORTION THEREOF INCLUDING THE RIGHT OF SURFACE ENTRY FOR A DEPTH OF 500 FEET MEASURED FROM THE SURFACE OF SUCH REAL PROPERTY FOR ANY PURPOSE WHATSOEVER, AS RESERVED BY AMERICAN ENERGY OPERATIONS, INC., A CALIFORNIA CORPORATION IN THE DEED RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134552.

PARCEL 3: (APN 2886-001-077)

PARCEL 8 OF CERTIFICATE OF COMPREHENSIVE LOT LINE ADJUSTMENT NO. 101,923, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH RECORDED AUGUST 17, 2001 AS INSTRUMENT NO. 01-1524880 IN OFFICIAL RECORDS.

EXCEPT THEREFROM, ALL MINERAL INTERESTS, INCLUDING BUT NOT LIMITED TO ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES WHETHER NOW KNOWN TO EXIST OR HEREAFTER DISCOVERED, INCLUDING BUT NOT LIMITED TO RIGHTS TO EXPLORE FOR, DEVELOP AND REMOVE SUCH OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, WITHOUT, HOWEVER, ANY RIGHT TO USE THE SURFACE OF SAID LAND OR ANY OTHER PORTION THEREOF INCLUDING THE RIGHT OF SURFACE ENTRY FOR A DEPTH OF 500 FEET MEASURED FROM THE SURFACE OF SUCH REAL PROPERTY FOR ANY PURPOSE WHATSOEVER, AS RESERVED BY ANDREA ALLEN GONZALES, ET. AL. IN THE DEED RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134548.

PARCEL 4: (APN 2886-001-015, 2886-001-018 AND 2886-001-029)

LOTS 2 AND 3 AND THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 2, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO BASE AND MERIDIAN, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE SEPTEMBER 8, 1880.

PARCEL 5:

A NON-EXCLUSIVE EASEMENT APPURTENANT TO PARCELS 1 TO 4, INCLUSIVE, FOR ACCESS, INGRESS AND EGRESS, AND THE RIGHT TO INSTALL AND MAINTAIN A DRIVEWAY, CURBS, CURB CUTS, PAVING AND RELATED IMPROVEMENTS, AS PROVIDED BY THAT CERTAIN "EASEMENT AGREEMENT" BY AND BETWEEN HASLEY CANYON LAND COMPANY, L.L.C., A DELAWARE LIMITED LIABILITY COMPANY AND

EXHIBIT "A" - PAGE 3 OF 6

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ANDREA ALLEN GONZALES, ET. AL., RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134547, OFFICIAL RECORDS OF LOS ANGELES COUNTY, OVER THAT PORTION OF SECTION 2, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, LYING WITHIN A STRIP OF LAND 24 FEET WIDE, AS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 2, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, BEING A STRIP OF LAND 24.00 FEET WIDE, THE EASTERLY LINE OF SAID STRIP BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 2, WITH THE CENTERLINE OF HASLEY CANYON ROAD, 40.00 FEET WIDE, AS DESCRIBED IN THE DEED RECORDED IN BOOK 6686, PAGE 332 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID CENTERLINE SOUTH 68°48'34" EAST 459.98 FEET TO THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID CENTERLINE NORTH 00°00'25" WEST 126.39 FEET.

THE WESTERLY LINE OF SAID STRIP IS TO TERMINATE NORTHERLY IN A LINE THAT BEARS NORTH 83°43'23" WEST FROM THE NORTHERLY TERMINUS OF THAT CERTAIN COURSE HEREIN DESCRIBED AS NORTH 00°00'25" WEST 126.39 FEET AND TO TERMINATE SOUTHERLY AT THE CENTERLINE OF SAID HASLEY CANYON ROAD, 80.00 FEET WIDE.

EXCEPTING THEREFROM THAT PORTION WITHIN SAID HASLEY CANYON ROAD.

ALL AS SHOWN ON EXHIBIT "B" TO EXHIBIT "D" TO ABOVE REFERENCED DOCUMENT AND BY THIS REFERENCE MADE A PART HEREOF.

(PARCELS:

A NON-EXCLUSIVE EASEMENT APPURTENANT TO PARCELS 1 TO 4, INCLUSIVE, FOR ACCESS TO AND THE RIGHT TO INSTALL AND MAINTAIN LANDSCAPING, FENCING, AND SCREENING, AS PROVIDED BY THAT CERTAIN "EASEMENT AGREEMENT" BY AND BETWEEN HASLEY CANYON LAND COMPANY, L.L.C., A DELAWARE LIMITED LIABILITY COMPANY AND ANDREA ALLEN GONZALES, ET. AL., RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134547, OFFICIAL RECORDS OF LOS ANGELES COUNTY, OVER THAT PORTION OF SECTION 2, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 2, IN TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE EAST LINE OF THE SOUTHEAST

EXHIBIT "A" - PAGE 4 OF 6

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QUARTER OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN WITH THE CENTERLINE OF HASLEY CANYON ROAD, 40.00 FEET WIDE, AS DESCRIBED IN THE DEED RECORDED IN BOOK 6596, PAGE 332 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID CENTERLINE NORTH 89°48'34" WEST 514.82 FEET TO AN ANGLE POINT THEREIN; THENCE CONTINUING ALONG SAID CENTERLINE NORTH 70°56'27" WEST 45.19 FEET; THENCE LEAVING SAID CENTER LINE NORTH 03°38'18" EAST 223.98 FEET; THENCE NORTH 66°08'18" EAST, 84.00 FEET; THENCE NORTH 03°38'18" EAST, 98.00 FEET; THENCE NORTH 78°08'53" EAST, 180.48 FEET; THENCE NORTH 08°18'57" WEST, 340.30 FEET; THENCE NORTH 87°45'08" EAST, 139.77 FEET; THENCE SOUTH 62°01'14" EAST, 88.83 FEET; THENCE SOUTH 35°31'39" EAST, 147.19 FEET TO THE COMMON LINE BETWEEN SAID SECTIONS 2 AND 3 AND THE TRUE POINT OF BEGINNING; THENCE SOUTH 72°20'30" EAST, 80.84 FEET; THENCE SOUTH 11°02'22" EAST, 114.00 FEET; THENCE NORTH 72°20'30" WEST, 83.98 FEET TO A POINT IN SAID COMMON LINE BETWEEN SECTIONS 2 AND 3, SAID POINT BEING SOUTH 08°08'40" WEST 104.88 FEET FROM THE TRUE POINT OF BEGINNING; THENCE ALONG SAID COMMON LINE NORTH 00°08'48" WEST 104.88 FEET TO THE TRUE POINT OF BEGINNING.

ALL AS SHOWN ON EXHIBIT "B" ATTACHED TO EXHIBIT "A" TO THE ABOVE REFERENCED DOCUMENT AND BY THIS REFERENCE MAKE A PART THEREOF.

PARCEL 7:

A NON-EXCLUSIVE EASEMENT APPURTENANT TO PARCELS 1 TO 4, INCLUSIVE, FOR ACCESS, INGRESS AND EGRESS, AND THE RIGHT TO INSTALL AND MAINTAIN A DRIVEWAY, CURBS, CURB CUTS, PAVING AND RELATED IMPROVEMENTS, AS PROVIDED BY THAT CERTAIN EASEMENT AGREEMENT BY AND BETWEEN AMERICAN ENERGY OPERATIONS, A CALIFORNIA CORPORATION AND ARROYO LAND PARTNERS, L.P., A DELAWARE LIMITED LIABILITY COMPANY, RECORDED JULY 28, 2003 AS INSTRUMENT NO. 95-2134558, OFFICIAL RECORDS OF LOS ANGELES COUNTY, OVER THAT PORTION OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, LYING WITHIN A STRIP OF LAND 24 FEET WIDE, AS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, BEING A STRIP OF LAND 24.00 FEET WIDE, THE WESTERLY LINE OF SAID STRIP BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 3, WITH THE CENTERLINE OF HASLEY CANYON ROAD, 40.00 FEET WIDE, AS DESCRIBED IN THE DEED RECORDED IN BOOK 6596, PAGE 332 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID CENTERLINE NORTH 89°48'34" WEST 514.82 FEET TO AN ANGLE POINT THEREIN; THENCE CONTINUING ALONG SAID CENTERLINE NORTH 70°56'27" WEST 45.19 FEET TO THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID CENTERLINE NORTH 03°38'18" EAST 223.98 FEET.

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THE EASTERLY LINE OF SAID STRIP IS TO TERMINATE NORTHERLY IN A LINE THAT BEARS NORTH 85°08'18" EAST FROM THE NORTHERLY TERMINUS OF THAT CERTAIN COURSE HEREIN DESCRIBED AS NORTH 03°38'18" EAST 223.98 FEET AND TO TERMINATE SOUTHERLY AT THE CENTERLINE OF SAID HASLEY CANYON ROAD, 40.00 FEET WIDE.

EXCEPTING THEREFROM THAT PORTION WITHIN SAID HASLEY CANYON ROAD.

ALL AS SHOWN ON EXHIBIT "B" TO EXHIBIT "D" TO THE ABOVE REFERENCED DOCUMENT AND BY THIS REFERENCE MADE A PART HEREOF.

PARCEL 8:

A NON-EXCLUSIVE EASEMENT APPURTENANT TO PARCELS 1 TO 4, INCLUSIVE, FOR ACCESS TO AND THE RIGHT TO INSTALL AND MAINTAIN LANDSLIDING, FENCING, AND SCREENING, AS PROVIDED BY THAT CERTAIN "EASEMENT AGREEMENT" BY AND BETWEEN AMERICAN ENERGY OPERATIONS, A CALIFORNIA CORPORATION AND ARROYO LAND PARTNERS, L.L.C., A DELAWARE LIMITED LIABILITY COMPANY, RECORDED JULY 28, 2003 AS INSTRUMENT NO. 00-2134556, OFFICIAL RECORDS OF LOS ANGELES COUNTY, OVER THAT PORTION OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 3, WITH THE CENTERLINE OF HASLEY CANYON ROAD, 40.00 FEET WIDE, AS DESCRIBED IN THE DEED RECORDED IN BOOK 5596, PAGE 332 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID CENTERLINE NORTH 89°48'34" WEST 514.82 FEET TO AN ANGLE POINT THEREIN; THENCE CONTINUING ALONG SAID CENTERLINE NORTH 70°55'27" WEST 45.19 FEET; THENCE LEAVING SAID CENTERLINE NORTH 03°38'18" EAST 223.98 FEET; THENCE NORTH 85°08'18" EAST, 94.00 FEET; THENCE NORTH 03°38'18" EAST, 98.00 FEET; THENCE NORTH 78°08'53" EAST, 180.48 FEET; THENCE NORTH 06°18'57" WEST, 240.06 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG LAST MENTIONED LINE NORTH 06°18'57" WEST 100.25 FEET; THENCE NORTH 87°46'08" EAST, 139.77 FEET; THENCE SOUTH 82°01'14" EAST, 89.93 FEET; THENCE SOUTH 36°31'38" EAST, 147.18 FEET TO THE COMMON LINE BETWEEN SECTION 3 AND SECTION 2, BOTH IN TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN; THENCE ALONG SAID COMMON LINE SOUTH 00°08'40" WEST 104.88 FEET; THENCE NORTH 72°20'30" WEST, 84.90 FEET; THENCE NORTH 36°31'38" WEST, 186.87 FEET; THENCE NORTH 52°01'14" WEST, 48.81 FEET; THENCE SOUTH 87°45'08" WEST, 88.10 FEET TO THE TRUE POINT OF BEGINNING.

ALL AS SHOWN ON EXHIBIT "B" TO EXHIBIT "C" TO THE ABOVE REFERENCED DOCUMENT AND BY THIS REFERENCE MADE A PART HEREOF.

EXHIBIT "A" -- PAGE 6 OF 6

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EXHIBIT "D"



June 30, 2011

Adam Ariki
General Manager
Los Angeles County Waterworks District No. 36, Val Verde
P.O. Box 1460
Alhambra, CA 91802-1460

Re: Successor in Interest to Cooperative Agreement for Well Development and Appurtenant Facilities

Dear Mr. Ariki:

On July 22, 2003, Los Angeles County Waterworks District No. 36 (the "District") entered into a Cooperative Agreement for Well Development and Appurtenant Facilities (the "Agreement") with Hasley Canyon Land Co., L.L.C., predecessor in interest to Los Valles Company, L.P. (collectively "Owner"), the owner of certain real property in the Hasley Canyon area of Los Angeles County, known as Tract No. 52584, which consists of single family residential lots and related open space (the "Property").

The Agreement provides for Owner to construct, and upon completion of construction to transfer ownership to the District, certain well facilities and water system improvements (the "Improvements") that will serve the Property and surrounding areas. In addition, the Agreement obligates the District, upon acceptance of the completed Improvements, to reimburse Owner for approximately 85 percent of the cost of design and construction of the Improvements, as determined in accordance with the Agreement. By signing below, the District represents that no demands for reimbursement have been received by the District and the District has not yet paid any amounts to Owner pursuant to the Agreement.

The Agreement provides, in paragraph 16, that it "shall be binding on the successors and assigns of the parties." It is anticipated that iStar Financial Inc., lender ("Lender") to Owner, through its affiliate SFI Los Valles LLC ("Successor Owner"), will acquire ownership of the Property pursuant to a foreclosure sale. The Agreement has been assigned to Lender as part of the security provided by Owner to Lender for a loan made by Lender to Owner. Until the District has received notice of completion of the foreclosure sale, the District agrees, no later than ten (10) business days prior to payment of any moneys, to notify Lender in writing, at the notice address set forth below, of its receipt of any demand for reimbursement under the

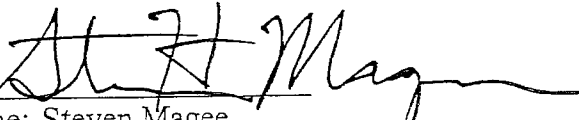
Agreement. In the event Successor Owner notifies the District that it has acquired the Property, (i) Successor Owner shall become the successor in interest to Owner under the Agreement, and shall be vested with and assume all rights, duties and obligations of Owner under the Agreement, and (ii) the District's obligations under the Agreement, including the reimbursement obligations, shall run in favor of Successor Owner. The Agreement shall remain in full force and effect and no material change to the Agreement shall occur as a result of the foregoing.

We are sending this letter to you in advance of completing the foreclosure sale so that you may be aware of the anticipated change in ownership of the property and the commitment of SFI Los Valles, LLC to complete the Improvements and fulfill the transfer obligations set forth in the Agreement. By signing below, the District hereby acknowledges and agrees to the foregoing.

Thank you for your prompt attention to this matter. We look forward to working with the District.

Sincerely,

iSTAR FINANCIAL, INC.

By: 
Name: Steven Magee
Title: Executive Vice President of Land

Address for notice:

iStar Financial Inc.
1114 Avenue of the Americas, 39th Floor
New York, New York 10036
Attention: Chief Operating Officer
Loan No.: 1342:01
Telephone: (212) 930-9400
Facsimile: (212) 930-9494

with a copy to:

iStar Financial Inc.
1114 Avenue of the Americas, 39th Floor
New York, New York 10036
Attention: Nina B. Matis, Esq./General Counsel
Loan No.: 1342:01
Telephone: (212) 930-9406
Facsimile: (212) 930-9492

with a copy to:

Katten Muchin Rosenman LLP
525 West Monroe Street
Chicago, Illinois 60661-3693
Reference: 208972-00550
Attention: Kenneth M. Jacobson, Esq.
Telephone: (312) 902-5445
Facsimile: (312) 577-8646

with a copy to:

Katten Muchin Rosenman LLP
2029 Century Park East, Suite 2600
Los Angeles, California 90067
Reference: 208972-00550
Attention: Benzion J. Westreich, Esq.
Telephone: (310) 788-4409
Facsimile: (310) 712-8228

Agreed and Acknowledged on this 11th of August 2011:

LOS ANGELES COUNTY WATERWORKS DISTRICT 36

By: 

Name: Adam Ariki

Title: General Manager

First Legal Support Services

Los Angeles	(213) 250-1111	• Fax (213) 250-1197
Direct line to legal	(213) 250-9111	• Fax (213) 250-1197
Los Angeles (West)	(310) 277-9111	• Fax (310) 277-9153
Direct line to legal	(310) 277-7101	• Fax (310) 277-9153
Inland Empire	(951) 779-1110	• Fax (951) 779-0100
San Diego	(619) 231-9111	• Fax (619) 231-1361
San Francisco	(415) 626-3111	• Fax (415) 626-1331
Santa Ana	(714) 541-1110	• Fax (714) 541-8182
Sacramento	(916) 444-5111	• Fax (916) 443-3111
Las Vegas	(702) 671-4002	• Fax (702) 366-0768
Phoenix	(602) 248-9700	• Fax (602) 248-9727

MESSENGER FORM		DATE: 08/11/11		CTL #: 5003646
FOR MESSENGER USE ONLY		web address: firstlegalsupport.com		
CHARGE TO:JEFFER MANGELS BUTLER & MITCHELLS 1900 AVENUE OF THE STARS...STE 600 CENTURY CITY. CA. 90067		AUTHORIZATION / REQUESTED BY LINDA LARDY CHARGE REFERENCE 		
PICK UP FROM:JMBM TO SEE: PHONE:		DELIVER TO: LOS ANGELES COUNTY 900 S FREMONT STREET 12TH FLR ALHAMBRA TO SEE: DIEGO CADENA PHONE:		
<input type="checkbox"/> SPECIAL		<input checked="" type="checkbox"/> REGULAR (4 Hours)		<input type="checkbox"/> RETURN
<input type="checkbox"/> ASAP (1 Hour)		<input type="checkbox"/> NEXT DAY (By _____)		<input type="checkbox"/> NIGHT / WEEKEND SERVICE
<input type="checkbox"/> RUSH (2 Hours)				Pieces _____ Weight _____ P/U Time _____
SPECIAL INSTRUCTIONS				
LEGIBLE SIGNATURE		DEL TIME	DRIVER	CHECK NO.
			1	1
			2	2
			1	1
			2	2

LIABILITY FOR LOSS OR DAMAGE TO ITEMS LIMITED TO \$250.00

MEMBER FIRM - CALIFORNIA ASSOCIATION OF PHOTOCOPIERS AND PROCESS SERVERS
 NATIONAL ASSOCIATION OF PROFESSIONAL PROCESS SERVERS

STATE OF CALIFORNIA
 COUNTY OF LOS ANGELES
 I, JEFFER MANGELS BUTLER & MITCHELLS
 DO HEREBY CERTIFY THAT THE ABOVE
 IS A TRUE AND CORRECT STATEMENT

EXHIBIT "E"

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC WORKS
Land Development Division
P.O. Box 1460
Alhambra, CA 91802-1460

(SPACE ABOVE FOR RECORDER'S USE)

**AGREEMENT RELATED TO THE SUBSTITUTION OF SECURITY FOR
SUBDIVISION IMPROVEMENTS**

THIS AGREEMENT RELATED TO THE SUBSTITUTION OF SECURITY FOR SUBDIVISION IMPROVEMENTS (hereinafter referred to as AGREEMENT) is made and entered into as of this ____ day of August 2011 (hereinafter referred to as EFFECTIVE DATE), by and between **SFI Los Valles LLC, a Delaware limited liability company** (hereinafter referred to as OWNER), and the County of Los Angeles, State of California, acting by and through the Director of Public Works (hereinafter referred to as COUNTY), and is made with reference to the facts set forth below. OWNER and COUNTY, whenever referenced collectively, shall be hereinafter referred to as PARTIES, and whenever referenced individually, shall be referred to as a PARTY.

RECITALS

WHEREAS OWNER is the owner and subdivider of certain real property in the County of Los Angeles commonly known as Los Valles, as more particularly described in Exhibit A, attached hereto and incorporated herein (LOS VALLES); and

WHEREAS, OWNER and COUNTY, concurrently herewith, intend to enter into County of Los Angeles Department of Public Works Multiple Agreement for Tract/Parcel Map Nos. 52584-01, 52584-02, and 52584 (hereinafter referred to as IMPROVEMENT AGREEMENT), which requires OWNER, among other things, to complete certain subdivision improvements in connection with the development of LOS VALLES; and

WHEREAS, OWNER, has posted Twelve (12) performance and payment bonds, with an aggregate value of Forty-four Million Five Hundred Thousand One and 00/100 Dollars (\$44,500,001.00) as more particularly described on Exhibit B attached hereto (hereinafter referred to as BONDS), with COUNTY as security to guarantee the performance of OWNER'S obligations under the IMPROVEMENT AGREEMENT; and

WHEREAS OWNER is the sole owner of LOS VALLES and no mechanics' or materialman liens or deeds of trust are currently recorded against LOS VALLES, except those specified in Exhibit E; and

WHEREAS because of the current depressed conditions of the real estate market in Los Angeles County, California, it is anticipated that there will be a lack of public interest in purchasing the homes, anticipated to be built at LOS VALLES for the immediate future, and therefore, it would not be in the public interest to require the installation of the public improvements at LOS VALLES at the present time or at any time within at least the next two years; and

WHEREAS the Subdivision Map Act Government Code Section 66499(a)(4) authorizes the COUNTY to accept a lien upon the property to be subdivided as security to guarantee the performance of OWNER'S obligations under the IMPROVEMENT AGREEMENT, under the circumstances referenced above.

NOW, THEREFORE, in consideration of the foregoing recitals, which are incorporated into this AGREEMENT, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, PARTIES agree as follows:

AGREEMENT

1. OWNER shall execute and deliver to COUNTY a lien upon LOS VALLES substantially in the form of Exhibit C, attached hereto and incorporated herein by reference (COUNTY LIEN), and COUNTY shall accept and promptly record the COUNTY LIEN.
2. OWNER shall execute and deliver to COUNTY a Covenant and Agreement to Hold Property As One Parcel, substantially in the form of Exhibit D, attached hereto and incorporated herein by reference (COVENANT), and COUNTY shall promptly record the COVENANT.
3. Not later than thirty (30) days after the recordation of the COUNTY LIEN and the COVENANT, COUNTY shall execute and deliver to OWNER a release of BONDS.
4. If OWNER elects at any time, in its sole discretion, to move forward with the completion of the subdivision improvements identified in IMPROVEMENT AGREEMENT, or any of them, [or with an alternate development] OWNER shall post with COUNTY replacement bonds in conformance with then-existing plans and specifications and bond estimates, to guarantee the performance of OWNER'S obligations under IMPROVEMENT AGREEMENT, [or the infrastructure requirements of the alternate development]. Upon posting of any such replacement bonds, COUNTY shall cause to be recorded a release of the COUNTY LIEN and a release of the COVENANT in the Official Records of COUNTY. At OWNER'S election, in its sole discretion, such substitution and release may occur in phases if LOS VALLES development is to proceed in phases in accordance with reapproved phased improvement plans and bonds. This Section 4 shall not apply to the Palmer Well Remaining Work, as specified on Exhibit F, and OWNER may perform such work without having first posted replacement bonds therefor.
5. All notices, demands, or requests in connection with this AGREEMENT may be personally delivered or sent by facsimile, recognized overnight delivery service, or United States mail, postage prepaid, to the persons set forth below, and shall be deemed received upon personal delivery, confirmation of facsimile transmission, one (1) day following deposit with an overnight delivery service, and two (2) days after deposit with the United States mail. All notices shall be addressed as follows or as PARTIES may from time to time specify in writing:

If to OWNER:

SFI Los Valles LLC
Attention Mr. Steven H. Magee
c/o iStar Financial Inc.
5 Park Place, Suite 1640
Irvine, California 92614
Fax: (949) 567-8066
Telephone: (949) 567-2411

With a Copy to:

Katten Muchin Rosenman, LLP
Attention Mr. Benzion J. Westreich, Esq.
2029 Century Park East, Suite 2600
Los Angeles, California 90067
Fax: (310) 712-8228
Telephone: (310) 788-4409

If to COUNTY: County of Los Angeles
Department of Public Works
Attention Land Development Division,
Subdivision Management Section
900 South Fremont Avenue
Alhambra, California 91803
Fax: (626) 458-4949
Telephone: (626) 458-4910

6. Miscellaneous

- 6.1 Counterparts. This AGREEMENT may be executed in more than one (1) counterpart, each of which shall be deemed an original and all of which together shall constitute one (1) and the same instrument.
- 6.2 Covenants Running With the Land. Each of OWNER'S obligations contained in this AGREEMENT shall constitute a covenant running with the land, which covenant touches and concerns the land, and each such obligation shall run in favor of COUNTY and shall be binding on OWNER and its successors and assigns.
- 6.3 Execution of Other Documents. PARTIES hereto agree that each PARTY (at no cost, liability, or expense to such PARTY) will cooperate with the other and will execute and deliver, or cause to be delivered, all such other reasonable instruments and will take all such other reasonable actions, as each PARTY hereto reasonably requests, from time to time, in order to effectuate the provisions and purposes hereof.
- 6.4 Severability. In the event that any phrase, clause, sentence, paragraph, section, article, or other portion of this AGREEMENT shall become illegal, null, or void or against public policy, for any reason, or shall be held by any court of competent jurisdiction to be illegal, null, or void or against public policy, the remaining portions of this AGREEMENT shall not be affected thereby and shall remain in force and effect to the fullest extent permissible by law.
- 6.5 Entire Agreement. This AGREEMENT constitutes the entire agreement and understanding between PARTIES concerning the subject matter of this AGREEMENT and supersedes all prior agreements, terms, understandings, conditions, representations, and warranties, whether written or oral, made by and between PARTIES concerning the matters which are the subject of this AGREEMENT.
- 6.6 Recitals. The Recitals set forth above are incorporated herein by this reference.
- 6.7 Amendment. No amendment, modification, termination, or waiver of any provision of this AGREEMENT shall be effective unless executed in writing by PARTIES and then only for the specific purpose stated in such amending document.
- 6.8 Authority To Execute Agreement. Each individual executing this AGREEMENT represents that he or she is duly authorized to execute and deliver this AGREEMENT on behalf of such PARTY and agrees to deliver evidence of his or her authority to the other PARTY upon request by the other PARTY.
- 6.9 Governing Law and Venue. This AGREEMENT shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and to be performed in California. Venue will be in the Superior Court for the County of Los Angeles.

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned have executed this AGREEMENT as of the
EFFECTIVE DATE first above written.

COUNTY OF LOS ANGELES

By _____
Gail Farber
Director of Public Works

APPROVED AS TO FORM:

ANDREA SHERIDAN ORDIN
County Counsel

By _____
Deputy

SFI LOS VALLES LLC,
a Delaware limited liability company

By _____

Name: _____

Title: _____

By _____

Name: _____

Title: _____

H:\WWW\HOME\DVASQUEZ\2011\BOARD LETTERS\BDL2383\Los Valles Project Security Agreement.docx

STATE OF _____)
)
COUNTY OF _____)

On _____, 2011, before me, _____ (here insert name and title of the officer), personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

STATE OF _____)
)
COUNTY OF _____)

On _____, 2011, before me, _____ (here insert name and title of the officer), personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT A

Legal Description

(Attached)

EXHIBIT "ONE"

PARCEL 1: (APN 2866-052-001, 2866-001-017, 2866-001-078, 2866-001-080, 2866-001-071, 2866-001-074, 3247-032-01, 3247-032-35 AND 3247-032-043 TO 045, INCLUSIVE)

PARCEL 1 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 101,922, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH RECORDED MAY 24, 2002 AS INSTRUMENT NO. 02-1208159 OF OFFICIAL RECORDS.

EXCEPT THEREFROM THAT PORTION LYING WITHIN PARCEL 2 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 101,922, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH RECORDED MAY 24, 2002 AS INSTRUMENT NO. 02-1208159 OF OFFICIAL RECORDS.

ALSO EXCEPT THEREFROM THAT PORTION LYING WITHIN PARCEL 5 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 101,923, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH RECORDED AUGUST 17, 2001 AS INSTRUMENT NO. 01-1524850 OF OFFICIAL RECORDS.

EXCEPT 50 PERCENT INTEREST IN ALL OIL, GAS, PETROLEUM, HYDROCARBONS AND OTHER KINDRED SUBSTANCES IN AND LYING UNDER SAID LAND, BUT WITHOUT SURFACE RIGHT OF ENTRY AS RESERVED BY LORETTA J. MAEDER AND ET AL., IN DEED RECORDED APRIL 15, 1963, IN BOOK D1991 PAGE 718, OFFICIAL RECORDS.

ALSO EXCEPT A 25 PERCENT INTEREST IN ALL OIL, GAS, PETROLEUM, HYDROCARBONS AND OTHER KINDRED SUBSTANCES IN AND LYING UNDER SAID LAND, WITHOUT THE RIGHT OF SURFACE ENTRY, BELOW A DEPTH OF 500 FEET, AS RESERVED BY EDMOND H. BURNS AND FLORENCE H. BURNS, HUSBAND AND WIFE, IN DEED RECORDED MAY 19, 1969 IN BOOK D-5373 PAGE 520, OFFICIAL RECORDS.

ALSO EXCEPT FROM THAT PORTION OF PARCELS 1 AND 3 OF SAID PARCEL MAP NO. 22559, BOOK 255, PAGES 46 THROUGH 58, DESCRIBED IN DEED RECORDED MARCH 12, 1956 AS INSTRUMENT NO. 726, IN BOOK 50563 PAGE 48 OFFICIAL RECORDS, AN UNDIVIDED ONE-THIRD OF ALL OIL, GAS AND OTHER RIGHTS AS RESERVED IN DEED FROM LEA STEVENS MCGILLIVRAE RECORDED MARCH 12, 1956 IN BOOK 50563 PAGE 48 OFFICIAL RECORDS.

ALL RIGHTS, TITLE AND INTEREST TO THE SURFACE AND THAT PORTION OF THE SUBSURFACE DOWN TO A DEPTH OF 500 FEET BELOW THE SURFACE THEREOF TOGETHER WITH ALL RIGHTS OF SURFACE ENTRY THEREON HAS BEEN QUITCLAIMED BY LEA STEVENS MCGILLIVRAE BY DEED RECORDED NOVEMBER 28, 1969 AS INSTRUMENT NO. 730, IN BOOK D4567 PAGE 44 OFFICIAL RECORDS.

ALSO EXCEPT FROM THAT PORTION OF PARCEL 1 OF SAID PARCEL MAP NO. 22559, BOOK 255, PAGES 46 THROUGH 58, DESCRIBED IN DEED RECORDED JULY 24, 1963 AS INSTRUMENT NO. 351, IN BOOK D2115 PAGE 150, OFFICIAL RECORDS, AN UNDIVIDED 50 PER CENT OF 100 PER CENT OF ALL OIL, GAS, MINERAL AND OTHER HYDROCARBON SUBSTANCES LYING IN OR UNDER SAID LAND, BUT WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED BY ANGELA HARRISON, A WIDOW, IN DEED RECORDED JULY 24, 1963 AS INSTRUMENT NO. 351, IN BOOK D2115 PAGE 150

OFFICIAL RECORDS.

ALSO EXCEPT FROM THAT PORTION OF PARCEL 1 OF SAID PARCEL MAP NO. 22559, DESCRIBED IN DEED RECORDED SEPTEMBER 13, 1990 AS INSTRUMENT NO. 90-1581309, ALL OIL AND GAS AS RESERVED BY THE UNITED STATES OF AMERICA IN DEED RECORDED SEPTEMBER 13, 1990 AS INSTRUMENT NO. 90-1581309.

ALSO EXCEPT FROM THAT PORTION OF SAID LAND DESCRIBED IN THE HEREINAFTER MENTIONED DEED, ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND LYING BELOW A DEPTH OF 500 FEET FROM THE SURFACE THEREOF; BUT WITH NO RIGHT OF SURFACE ENTRY, AS PROVIDED IN THE DEED RECORDED DECEMBER 6, 1999 AS INSTRUMENT NO. 99-2241409 AND RE-RECORDED APRIL 23, 2001 AS INSTRUMENT NO. 01-689940.

ALSO EXCEPT FROM SAID LAST MENTIONED PORTION OF SAID LAND, THE SUBSURFACE WATER RIGHTS, BUT WITHOUT THE RIGHT OF ENTRY TO THE SURFACE OR SUBSURFACE ABOVE A DEPTH OF 50 FEET, AS PROVIDED IN THE DEED RECORDED DECEMBER 6, 1999 AS INSTRUMENT NO. 99-2241409 AND RE-RECORDED APRIL 23, 2001 AS INSTRUMENT NO. 01-689940.

ALSO EXCEPT FROM THAT PORTION OF SAID LAND DESCRIBED IN THE HEREINAFTER MENTIONED DEED, ALL MINERAL INTERESTS, INCLUDING BUT NOT LIMITED TO ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES WHETHER NOW KNOWN TO EXIST OR HEREFTER DISCOVERED, INCLUDING BUT NOT LIMITED TO RIGHTS TO EXPLORE FOR, DEVELOP AND REMOVE SUCH OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, WITHOUT, HOWEVER, ANY RIGHT TO USE THE SURFACE OF SAID LAND OR ANY OTHER PORTION THEREOF INCLUDING THE RIGHT OF SURFACE ENTRY FOR A DEPTH OF 200 FEET MEASURED FROM THE SURFACE OF SUCH REAL PROPERTY FOR ANY PURPOSE WHATSOEVER, AS RESERVED IN THE DEED RECORDED FEBRUARY 18, 2003 AS INSTRUMENT NO. 03-0470027.

ALSO EXCEPT FROM THAT PORTION OF SAID LAND DESCRIBED IN THE HEREINAFTER MENTIONED DEED, ALL MINERAL INTERESTS, INCLUDING BUT NOT LIMITED TO ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES WHETHER NOW KNOWN TO EXIST OR HEREFTER DISCOVERED, INCLUDING BUT NOT LIMITED TO RIGHTS TO EXPLORE FOR, DEVELOP AND REMOVE SUCH OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, AND INCLUDING THE RIGHT TO USE THE SURFACE OF SAID LAND AND ANY OTHER PORTION THEREOF INCLUDING THE RIGHT OF SURFACE ENTRY, AS RESERVED BY AMERICAN ENERGY OPERATIONS, INC., A CALIFORNIA CORPORATION, IN THE DEED RECORDED FEBRUARY 18, 2003 AS INSTRUMENT NO. 03-0470030.

THE RIGHT OF SURFACE ENTRY TO THE SURFACE AND THAT PORTION OF THE SUBSURFACE TO A DEPTH OF 500 FEET OF SAID LAND WAS QUITCLAIMED BY QUITCLAIM DEED EXECUTED BY AMERICAN ENERGY OPERATIONS, INC., A CALIFORNIA CORPORATION, RECORDED JULY 28, 2003 INSTRUMENT NO. 03-2134554.

PARCEL 2: (APN 3247-032-048)

PARCEL 2 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 101,922, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH RECORDED MAY 24, 2002 AS INSTRUMENT NO. 02-1208159 OF OFFICIAL RECORDS.

EXCEPT 50 PERCENT INTEREST IN ALL OIL, GAS, PETROLEUM, HYDROCARBONS AND OTHER KINDRED SUBSTANCES IN AND LYING UNDER SAID LAND, BUT WITHOUT SURFACE RIGHT OF ENTRY AS RESERVED BY LORETTE J. MAEDER AND ET AL., IN DEED RECORDED APRIL 15, 1963,

IN BOOK D 1991 PAGE 718, OFFICIAL RECORDS.

ALSO EXCEPT A 25 PERCENT INTEREST IN ALL OIL, GAS, PETROLEUM, HYDROCARBONS AND OTHER KINDRED SUBSTANCES IN AND LYING UNDER SAID LAND, WITHOUT THE RIGHT OF SURFACE ENTRY, BELOW A DEPTH OF 500 FEET, AS RESERVED BY EDMOND H. BURNS AND FLORENCE H. BURNS, HUSBAND AND WIFE, IN DEED RECORDED MAY 19, 1969 IN BOOK D-5373 PAGE 520, OFFICIAL RECORDS.

ALSO EXCEPT THEREFROM, ALL MINERAL INTERESTS, INCLUDING BUT NOT LIMITED TO ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES WHETHER NOW KNOWN TO EXIST OR HEREAFTER DISCOVERED, INCLUDING BUT NOT LIMITED TO RIGHTS TO EXPLORE FOR, DEVELOP AND REMOVE SUCH OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, WITHOUT, HOWEVER, ANY RIGHT TO USE THE SURFACE OF SAID LAND OR ANY OTHER PORTION THEREOF INCLUDING THE RIGHT OF SURFACE ENTRY FOR A DEPTH OF 500 FEET MEASURED FROM THE SURFACE OF SUCH REAL PROPERTY FOR ANY PURPOSE WHATSOEVER, AS RESERVED IN THE DEED RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134552.

PARCEL 3: (APN 2866-001-077)

PARCEL 5 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 101,923, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH RECORDED AUGUST 17, 2001 AS INSTRUMENT NO. 01-152850 OF OFFICIAL RECORDS.

EXCEPT THEREFROM, ALL MINERAL INTERESTS, INCLUDING BUT NOT LIMITED TO ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES WHETHER NOW KNOWN TO EXIST OR HEREAFTER DISCOVERED, INCLUDING BUT NOT LIMITED TO RIGHTS TO EXPLORE FOR, DEVELOP AND REMOVE SUCH OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, WITHOUT, HOWEVER, ANY RIGHT TO USE THE SURFACE OF SAID LAND OR ANY OTHER PORTION THEREOF INCLUDING THE RIGHT OF SURFACE ENTRY FOR A DEPTH OF 500 FEET MEASURED FROM THE SURFACE OF SUCH REAL PROPERTY FOR ANY PURPOSE WHATSOEVER, AS RESERVED IN THE DEED RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134546.

PARCEL 4: (APN 2866-001-015, 2866-001-016 AND 2866-001-029)

LOTS 2 AND 3 AND THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 2, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO BASE AND MERIDIAN, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE SEPTEMBER 6, 1880.

EXCEPT ALL OIL, GAS AND MINERALS IN AND UNDER SAID LAND AS RESERVED IN THE PATENT FROM UNITED STATES OF AMERICA, RECORDED MAY 7, 1947 IN BOOK 24535 PAGE 351, OFFICIAL RECORDS.

PARCEL 5:

A NON-EXCLUSIVE EASEMENT FOR ACCESS, INGRESS AND EGRESS, AND THE RIGHT TO INSTALL AND MAINTAIN A DRIVEWAY, CURBS, CURB CUTS, PAVING AND RELATED IMPROVEMENTS, AS PROVIDED BY THAT CERTAIN "EASEMENT AGREEMENT" RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134547, OFFICIAL RECORDS OF LOS ANGELES COUNTY, OVER THAT PORTION OF SECTION 2, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, LYING WITHIN A STRIP OF LAND 24 FEET WIDE, AS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 2, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, BEING A STRIP OF LAND 24.00 FEET WIDE, THE EASTERLY LINE OF SAID STRIP BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 2, WITH THE CENTERLINE OF HASLEY CANYON ROAD, 40.00 FEET WIDE, AS DESCRIBED IN THE DEED RECORDED IN BOOK 5595, PAGE 332 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID CENTERLINE SOUTH 89°48'34" EAST 459.98 FEET TO THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID CENTERLINE NORTH 00°00'25" WEST 126.39 FEET.

THE WESTERLY LINE OF SAID STRIP IS TO TERMINATE NORTHERLY IN A LINE THAT BEARS NORTH 63°43'23" WEST FROM THE NORTHERLY TERMINUS OF THAT CERTAIN COURSE HEREIN DESCRIBED AS NORTH 00°00'25" WEST 126.39 FEET AND TO TERMINATE SOUTHERLY AT THE CENTERLINE OF SAID HASLEY CANYON ROAD, 80.00 FEET WIDE.

EXCEPTING THEREFROM THAT PORTION WITHIN SAID HASLEY CANYON ROAD.

PARCEL 6:

A NON-EXCLUSIVE EASEMENT FOR ACCESS TO AND THE RIGHT TO INSTALL AND MAINTAIN LANDSCAPING, FENCING, AND SCREENING, AS PROVIDED BY THAT CERTAIN "EASEMENT AGREEMENT" RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134547, OFFICIAL RECORDS OF LOS ANGELES COUNTY, OVER THAT PORTION OF SECTION 2, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 2, IN TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE EAST LINE OF THE SOUTHEAST QUARTER OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN WITH THE CENTERLINE OF HASLEY CANYON ROAD, 40.00 FEET WIDE, AS DESCRIBED IN THE DEED RECORDED IN BOOK 5595, PAGE 332 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID CENTERLINE NORTH 89°48'34" WEST 514.82 FEET TO AN ANGLE POINT THEREIN; THENCE CONTINUING ALONG SAID CENTERLINE NORTH 70°55'27" WEST 45.19 FEET; THENCE LEAVING SAID CENTERLINE NORTH 03°36'18" EAST 223.96 FEET; THENCE NORTH 65°06'18" EAST, 94.00 FEET; THENCE NORTH 03°36'18" EAST, 98.00 FEET; THENCE NORTH 78°08'53" EAST, 190.48 FEET; THENCE NORTH 06°18'57" WEST, 340.30 FEET; THENCE NORTH 87°45'06" EAST, 139.77 FEET; THENCE SOUTH 52°01'14" EAST, 99.93 FEET; THENCE SOUTH 35°31'39" EAST, 147.19 FEET TO THE COMMON LINE BETWEEN SAID SECTIONS 2 AND 3 AND THE TRUE POINT OF BEGINNING; THENCE SOUTH 72°20'30" EAST, 60.84 FEET; THENCE SOUTH 11°02'22" EAST, 114.00 FEET; THENCE NORTH 72°20'30" WEST, 83.96 FEET TO A POINT IN SAID COMMON LINE BETWEEN SECTIONS 2 AND 3, SAID POINT BEING SOUTH 00°06'40" WEST 104.88 FEET FROM THE TRUE POINT OF BEGINNING; THENCE ALONG SAID COMMON LINE NORTH 00°06'40" WEST 104.88 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 7:

A NON-EXCLUSIVE EASEMENT FOR ACCESS, INGRESS AND EGRESS, AND THE RIGHT TO INSTALL AND MAINTAIN A DRIVEWAY, CURBS, CURB CUTS, PAVING AND RELATED IMPROVEMENTS, AS PROVIDED BY THAT CERTAIN "EASEMENT AGREEMENT" RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134558, OFFICIAL RECORDS OF LOS ANGELES COUNTY, OVER THAT PORTION OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, LYING WITHIN A STRIP OF LAND 24 FEET WIDE, AS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, BEING A STRIP OF LAND 24.00 FEET WIDE, THE WESTERLY LINE OF SAID STRIP BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 3, WITH THE CENTERLINE OF HASLEY CANYON ROAD, 40.00 FEET WIDE, AS DESCRIBED IN THE DEED RECORDED IN BOOK 5595, PAGE 332 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID CENTERLINE NORTH 89°48'34" WEST 514.82 FEET TO AN ANGLE POINT THEREIN; THENCE CONTINUING ALONG SAID CENTERLINE NORTH 70°55'27" WEST 45.19 FEET TO THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID CENTERLINE NORTH 03°36'18" EAST 223.96 FEET.

THE EASTERLY LINE OF SAID STRIP IS TO TERMINATE NORTHERLY IN A LINE THAT BEARS NORTH 65°06'18" EAST FROM THE NORTHERLY TERMINUS OF THAT CERTAIN COURSE HEREIN DESCRIBED AS NORTH 03°36'18" EAST 223.96 FEET AND TO TERMINATE SOUTHERLY AT THE CENTERLINE OF SAID HASLEY CANYON ROAD, 40.00 FEET WIDE.

EXCEPTING THEREFROM THAT PORTION WITHIN SAID HASLEY CANYON ROAD.

PARCEL 8:

A NON-EXCLUSIVE EASEMENT FOR ACCESS TO AND THE RIGHT TO INSTALL AND MAINTAIN LANDSCAPING, FENCING, AND SCREENING, AS PROVIDED BY THAT CERTAIN "EASEMENT AGREEMENT" RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134558, OFFICIAL RECORDS OF LOS ANGELES COUNTY, OVER THAT PORTION OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 3, WITH THE CENTERLINE OF HASLEY CANYON ROAD, 40.00 FEET WIDE, AS DESCRIBED IN THE DEED RECORDED IN BOOK 5595, PAGE 332 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID CENTERLINE NORTH 89°48'34" WEST 514.82 FEET TO AN ANGLE POINT THEREIN; THENCE CONTINUING ALONG SAID CENTERLINE NORTH 70°55'27" WEST 45.19 FEET; THENCE LEAVING SAID CENTERLINE NORTH 03°36'18" EAST 223.96 FEET; THENCE NORTH 65°06'18" EAST, 94.00 FEET; THENCE NORTH 03°36'18" EAST, 98.00 FEET; THENCE NORTH

ALTA Loan Policy (10-17-92) w/Form 1 Cov.

Order No. 9851185

Policy No. 27-042-92 3657353

78°08'53" EAST, 190.48 FEET; THENCE NORTH 06°16'57" WEST, 240.05 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG LAST MENTIONED LINE NORTH 06°16'57" WEST 100.25 FEET; THENCE NORTH 87°45'06" EAST, 139.77 FEET; THENCE SOUTH 52°01'14" EAST, 99.93 FEET; THENCE SOUTH 35°31'39" EAST, 147.19 FEET TO THE COMMON LINE BETWEEN SECTION 3 AND SECTION 2, BOTH IN TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN; THENCE ALONG SAID COMMON LINE SOUTH 00°06'40" WEST 104.88 FEET; THENCE NORTH 72°20'30" WEST, 64.90 FEET; THENCE NORTH 35°31'39" WEST, 165.97 FEET; THENCE NORTH 52°01'14" WEST, 48.81 FEET; THENCE SOUTH 87°45'06" WEST, 96.10 FEET TO THE TRUE POINT OF BEGINNING.

EXHIBIT B

Bonds

<i>Bond No.</i>	<i>Bond Type</i>	<i>Bond Amounts</i>	
5016810-1-1	Subdivision - Sewer	Faithful Performance	\$3,120,000.00
		Labor and Materials	\$1,560,000.00
5016811-1-1	Subdivision - On-site Water	Faithful Performance	\$2,667,000.00
		Labor and Materials	\$1,333,500.00
5024576-1-1	Subdivision - Off-site Water	Faithful Performance	\$3,418,000.00
		Labor and Materials	\$1,709,000.00
5024577-1-1	Subdivision - Road	Faithful Performance	\$6,134,767.00
		Labor and Materials	\$3,067,384.00
5024578-1-1	Subdivision - Clubhouse Private Drive	Faithful Performance	\$228,900.00
		Labor and Materials	\$114,450.00
5024579-1-1	Subdivision - Lot Trees	Faithful Performance	\$134,600.00
		Labor and Materials	\$67,300.00
5024580-1-1	Subdivision - Tunnel Plans	Faithful Performance	\$1,579,900.00
		Labor and Materials	\$789,950.00
5024581-1-1	Subdivision - Storm Drain	Faithful Performance	\$3,227,700.00
		Labor and Materials	\$1,613,850.00
5024582-1-1	Subdivision - Corrective Geologic	Faithful Performance	\$3,264,000.00
		Labor and Materials	\$1,632,000.00
5024583-1-1	Subdivision - Street Trees	Faithful Performance	\$271,800.00
		Labor and Materials	\$135,900.00
5024584-1-1	Subdivision - Grading		\$4,215,000.00
5024585-1-1	Subdivision - Grading		\$4,215,000.00

Grand Total

\$44,500,001.00

EXHIBIT C

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO:

COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC WORKS
Land Development Division
P.O. Box 1460
Alhambra, CA 91802-1460

(SPACE ABOVE FOR RECORDER'S USE)

GOVERNMENT CODE §66499(a)(4) LIEN

WHEREAS, SFI Los Valles LLC, a Delaware limited liability company (OWNER) is the owner and subdivider of certain real property in the County of Los Angeles commonly known as Los Valles, as more particularly described in Exhibit 1, attached hereto and incorporated herein (LOS VALLES); and

WHEREAS, OWNER and COUNTY have entered into County of Los Angeles Department of Public Works Multiple Agreement For Tract/Parcel Map Nos. 52584-01; 52584-02; and 52584, dated _____, 2011 (IMPROVEMENT AGREEMENT), which requires OWNER, among other things, to complete certain subdivision improvements in connection with the development of LOS VALLES; and

WHEREAS, OWNER has posted twelve (12) performance and payment bonds, as more particularly described on Exhibit 2 attached hereto (BONDS), with COUNTY, as security to guarantee the performance of OWNER'S obligations under IMPROVEMENT AGREEMENT; and

WHEREAS, the total aggregate amount of the BONDS is Forty-four Million Five Hundred Thousand One and 00/100 Dollars (\$44,500,001.00); and

WHEREAS, OWNER and COUNTY have entered into an "Agreement Related to the Substitution of Security for Subdivision Improvements", the terms of which are incorporated herein by reference, pursuant to which OWNER has agreed to provide, and COUNTY has agreed to accept, a lien upon LOS VALLES (COUNTY LIEN) as security to guarantee the performance of OWNER'S obligations under IMPROVEMENT AGREEMENT, in place of the previously posted BONDS; and

NOW, THEREFORE, OWNER hereby grants to COUNTY a lien upon LOS VALLES in the amount of Forty-four Million Five Hundred Thousand One and 00/100 Dollars (\$44,500,001.00) to guarantee the performance of OWNER'S obligations under IMPROVEMENT AGREEMENT.

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

SFI LOS VALLES LLC,
a Delaware limited liability company

By _____

Name: _____

Title: _____

By _____

Name: _____

Title: _____

STATE OF _____)
)
COUNTY OF _____)

On _____, 2011, before me, _____ (here insert name and title of the officer), personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

STATE OF _____)
)
COUNTY OF _____)

On _____, 2011, before me, _____ (here insert name and title of the officer), personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT 1

Legal Description

(Attached)

EXHIBIT "ONE"

PARCEL 1: (APN 2866-052-001, 2866-001-017, 2866-001-078, 2866-001-080, 2866-001-071, 2866-001-074, 3247-032-01, 3247-032-35 AND 3247-032-043 TO 045, INCLUSIVE)

PARCEL 1 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 101,922, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH RECORDED MAY 24, 2002 AS INSTRUMENT NO. 02-1208159 OF OFFICIAL RECORDS.

EXCEPT THEREFROM THAT PORTION LYING WITHIN PARCEL 2 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 101,922, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH RECORDED MAY 24, 2002 AS INSTRUMENT NO. 02-1208159 OF OFFICIAL RECORDS.

ALSO EXCEPT THEREFROM THAT PORTION LYING WITHIN PARCEL 5 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 101,923, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH RECORDED AUGUST 17, 2001 AS INSTRUMENT NO. 01-1524850 OF OFFICIAL RECORDS.

EXCEPT 50 PERCENT INTEREST IN ALL OIL, GAS, PETROLEUM, HYDROCARBONS AND OTHER KINDRED SUBSTANCES IN AND LYING UNDER SAID LAND, BUT WITHOUT SURFACE RIGHT OF ENTRY AS RESERVED BY LORETTA J. MAEDER AND ET AL., IN DEED RECORDED APRIL 15, 1963, IN BOOK D1991 PAGE 718, OFFICIAL RECORDS.

ALSO EXCEPT A 25 PERCENT INTEREST IN ALL OIL, GAS, PETROLEUM, HYDROCARBONS AND OTHER KINDRED SUBSTANCES IN AND LYING UNDER SAID LAND, WITHOUT THE RIGHT OF SURFACE ENTRY, BELOW A DEPTH OF 500 FEET, AS RESERVED BY EDMOND H. BURNS AND FLORENCE H. BURNS, HUSBAND AND WIFE, IN DEED RECORDED MAY 19, 1969 IN BOOK D-5373 PAGE 520, OFFICIAL RECORDS.

ALSO EXCEPT FROM THAT PORTION OF PARCELS 1 AND 3 OF SAID PARCEL MAP NO. 22559, BOOK 255, PAGES 46 THROUGH 58, DESCRIBED IN DEED RECORDED MARCH 12, 1956 AS INSTRUMENT NO. 726, IN BOOK 50563 PAGE 48 OFFICIAL RECORDS, AN UNDIVIDED ONE-THIRD OF ALL OIL, GAS AND OTHER RIGHTS AS RESERVED IN DEED FROM LEA STEVENS MCGILLIVRAE RECORDED MARCH 12, 1956 IN BOOK 50563 PAGE 48 OFFICIAL RECORDS.

ALL RIGHTS, TITLE AND INTEREST TO THE SURFACE AND THAT PORTION OF THE SUBSURFACE DOWN TO A DEPTH OF 500 FEET BELOW THE SURFACE THEREOF TOGETHER WITH ALL RIGHTS OF SURFACE ENTRY THEREON HAS BEEN QUITCLAIMED BY LEA STEVENS MCGILLIVRAE BY DEED RECORDED NOVEMBER 28, 1969 AS INSTRUMENT NO. 730, IN BOOK D4567 PAGE 44 OFFICIAL RECORDS.

ALSO EXCEPT FROM THAT PORTION OF PARCEL 1 OF SAID PARCEL MAP NO. 22559, BOOK 255, PAGES 46 THROUGH 58, DESCRIBED IN DEED RECORDED JULY 24, 1963 AS INSTRUMENT NO. 351, IN BOOK D2115 PAGE 150, OFFICIAL RECORDS, AN UNDIVIDED 50 PER CENT OF 100 PER CENT OF ALL OIL, GAS, MINERAL AND OTHER HYDROCARBON SUBSTANCES LYING IN OR UNDER SAID LAND, BUT WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED BY ANGELA HARRISON, A WIDOW, IN DEED RECORDED JULY 24, 1963 AS INSTRUMENT NO. 351, IN BOOK D2115 PAGE 150

OFFICIAL RECORDS.

ALSO EXCEPT FROM THAT PORTION OF PARCEL 1 OF SAID PARCEL MAP NO. 22559, DESCRIBED IN DEED RECORDED SEPTEMBER 13, 1990 AS INSTRUMENT NO. 90-1581309, ALL OIL AND GAS AS RESERVED BY THE UNITED STATES OF AMERICA IN DEED RECORDED SEPTEMBER 13, 1990 AS INSTRUMENT NO. 90-1581309.

ALSO EXCEPT FROM THAT PORTION OF SAID LAND DESCRIBED IN THE HEREINAFTER MENTIONED DEED, ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND LYING BELOW A DEPTH OF 500 FEET FROM THE SURFACE THEREOF; BUT WITH NO RIGHT OF SURFACE ENTRY, AS PROVIDED IN THE DEED RECORDED DECEMBER 6, 1999 AS INSTRUMENT NO. 99-2241409 AND RE-RECORDED APRIL 23, 2001 AS INSTRUMENT NO. 01-689940.

ALSO EXCEPT FROM SAID LAST MENTIONED PORTION OF SAID LAND, THE SUBSURFACE WATER RIGHTS, BUT WITHOUT THE RIGHT OF ENTRY TO THE SURFACE OR SUBSURFACE ABOVE A DEPTH OF 50 FEET, AS PROVIDED IN THE DEED RECORDED DECEMBER 6, 1999 AS INSTRUMENT NO. 99-2241409 AND RE-RECORDED APRIL 23, 2001 AS INSTRUMENT NO. 01-689940.

ALSO EXCEPT FROM THAT PORTION OF SAID LAND DESCRIBED IN THE HEREINAFTER MENTIONED DEED, ALL MINERAL INTERESTS, INCLUDING BUT NOT LIMITED TO ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES WHETHER NOW KNOWN TO EXIST OR HEREAFTER DISCOVERED, INCLUDING BUT NOT LIMITED TO RIGHTS TO EXPLORE FOR, DEVELOP AND REMOVE SUCH OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, WITHOUT, HOWEVER, ANY RIGHT TO USE THE SURFACE OF SAID LAND OR ANY OTHER PORTION THEREOF INCLUDING THE RIGHT OF SURFACE ENTRY FOR A DEPTH OF 200 FEET MEASURED FROM THE SURFACE OF SUCH REAL PROPERTY FOR ANY PURPOSE WHATSOEVER, AS RESERVED IN THE DEED RECORDED FEBRUARY 18, 2003 AS INSTRUMENT NO. 03-0470027.

ALSO EXCEPT FROM THAT PORTION OF SAID LAND DESCRIBED IN THE HEREINAFTER MENTIONED DEED, ALL MINERAL INTERESTS, INCLUDING BUT NOT LIMITED TO ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES WHETHER NOW KNOWN TO EXIST OR HEREAFTER DISCOVERED, INCLUDING BUT NOT LIMITED TO RIGHTS TO EXPLORE FOR, DEVELOP AND REMOVE SUCH OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, AND INCLUDING THE RIGHT TO USE THE SURFACE OF SAID LAND AND ANY OTHER PORTION THEREOF INCLUDING THE RIGHT OF SURFACE ENTRY, AS RESERVED BY AMERICAN ENERGY OPERATIONS, INC., A CALIFORNIA CORPORATION, IN THE DEED RECORDED FEBRUARY 18, 2003 AS INSTRUMENT NO. 03-0470030.

THE RIGHT OF SURFACE ENTRY TO THE SURFACE AND THAT PORTION OF THE SUBSURFACE TO A DEPTH OF 500 FEET OF SAID LAND WAS QUITCLAIMED BY QUITCLAIM DEED EXECUTED BY AMERICAN ENERGY OPERATIONS, INC., A CALIFORNIA CORPORATION, RECORDED JULY 28, 2003 INSTRUMENT NO. 03-2134554.

PARCEL 2: (APN 3247-032-046)

PARCEL 2 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 101,922, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH RECORDED MAY 24, 2002 AS INSTRUMENT NO. 02-1208159 OF OFFICIAL RECORDS.

EXCEPT 50 PERCENT INTEREST IN ALL OIL, GAS, PETROLEUM, HYDROCARBONS AND OTHER KINDRED SUBSTANCES IN AND LYING UNDER SAID LAND, BUT WITHOUT SURFACE RIGHT OF ENTRY AS RESERVED BY LORETTE J. MAEDER AND ET AL., IN DEED RECORDED APRIL 15, 1963,

IN BOOK D 1991 PAGE 718, OFFICIAL RECORDS.

ALSO EXCEPT A 25 PERCENT INTEREST IN ALL OIL, GAS, PETROLEUM, HYDROCARBONS AND OTHER KINDRED SUBSTANCES IN AND LYING UNDER SAID LAND, WITHOUT THE RIGHT OF SURFACE ENTRY, BELOW A DEPTH OF 500 FEET, AS RESERVED BY EDMOND H. BURNS AND FLORENCE H. BURNS, HUSBAND AND WIFE, IN DEED RECORDED MAY 19, 1969 IN BOOK D-5373 PAGE 520, OFFICIAL RECORDS.

ALSO EXCEPT THEREFROM, ALL MINERAL INTERESTS, INCLUDING BUT NOT LIMITED TO ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES WHETHER NOW KNOWN TO EXIST OR HEREAFTER DISCOVERED, INCLUDING BUT NOT LIMITED TO RIGHTS TO EXPLORE FOR, DEVELOP AND REMOVE SUCH OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, WITHOUT, HOWEVER, ANY RIGHT TO USE THE SURFACE OF SAID LAND OR ANY OTHER PORTION THEREOF INCLUDING THE RIGHT OF SURFACE ENTRY FOR A DEPTH OF 500 FEET MEASURED FROM THE SURFACE OF SUCH REAL PROPERTY FOR ANY PURPOSE WHATSOEVER, AS RESERVED IN THE DEED RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134552.

PARCEL 3: (APN 2866-001-077)

PARCEL 5 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 101,923, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH RECORDED AUGUST 17, 2001 AS INSTRUMENT NO. 01-152850 OF OFFICIAL RECORDS.

EXCEPT THEREFROM, ALL MINERAL INTERESTS, INCLUDING BUT NOT LIMITED TO ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES WHETHER NOW KNOWN TO EXIST OR HEREAFTER DISCOVERED, INCLUDING BUT NOT LIMITED TO RIGHTS TO EXPLORE FOR, DEVELOP AND REMOVE SUCH OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, WITHOUT, HOWEVER, ANY RIGHT TO USE THE SURFACE OF SAID LAND OR ANY OTHER PORTION THEREOF INCLUDING THE RIGHT OF SURFACE ENTRY FOR A DEPTH OF 500 FEET MEASURED FROM THE SURFACE OF SUCH REAL PROPERTY FOR ANY PURPOSE WHATSOEVER, AS RESERVED IN THE DEED RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134546.

PARCEL 4: (APN 2866-001-015, 2866-001-018 AND 2866-001-029)

LOTS 2 AND 3 AND THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 2, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO BASE AND MERIDIAN, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE SEPTEMBER 6, 1880.

EXCEPT ALL OIL, GAS AND MINERALS IN AND UNDER SAID LAND AS RESERVED IN THE PATENT FROM UNITED STATES OF AMERICA, RECORDED MAY 7, 1947 IN BOOK 24535 PAGE 351, OFFICIAL RECORDS.

PARCEL 5:

A NON-EXCLUSIVE EASEMENT FOR ACCESS, INGRESS AND EGRESS, AND THE RIGHT TO INSTALL AND MAINTAIN A DRIVEWAY, CURBS, CURB CUTS, PAVING AND RELATED IMPROVEMENTS, AS PROVIDED BY THAT CERTAIN "EASEMENT AGREEMENT" RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134547, OFFICIAL RECORDS OF LOS ANGELES COUNTY, OVER THAT PORTION OF SECTION 2, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, LYING WITHIN A STRIP OF LAND 24 FEET WIDE, AS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 2, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, BEING A STRIP OF LAND 24.00 FEET WIDE, THE EASTERLY LINE OF SAID STRIP BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 2, WITH THE CENTERLINE OF HASLEY CANYON ROAD, 40.00 FEET WIDE, AS DESCRIBED IN THE DEED RECORDED IN BOOK 5595, PAGE 332 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID CENTERLINE SOUTH 89°48'34" EAST 459.98 FEET TO THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID CENTERLINE NORTH 00°00'25" WEST 126.39 FEET.

THE WESTERLY LINE OF SAID STRIP IS TO TERMINATE NORTHERLY IN A LINE THAT BEARS NORTH 63°43'23" WEST FROM THE NORTHERLY TERMINUS OF THAT CERTAIN COURSE HEREIN DESCRIBED AS NORTH 00°00'25" WEST 126.39 FEET AND TO TERMINATE SOUTHERLY AT THE CENTERLINE OF SAID HASLEY CANYON ROAD, 80.00 FEET WIDE.

EXCEPTING THEREFROM THAT PORTION WITHIN SAID HASLEY CANYON ROAD.

PARCEL 6:

A NON-EXCLUSIVE EASEMENT FOR ACCESS TO AND THE RIGHT TO INSTALL AND MAINTAIN LANDSCAPING, FENCING, AND SCREENING, AS PROVIDED BY THAT CERTAIN "EASEMENT AGREEMENT" RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134547, OFFICIAL RECORDS OF LOS ANGELES COUNTY, OVER THAT PORTION OF SECTION 2, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 2, IN TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE EAST LINE OF THE SOUTHEAST QUARTER OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN WITH THE CENTERLINE OF HASLEY CANYON ROAD, 40.00 FEET WIDE, AS DESCRIBED IN THE DEED RECORDED IN BOOK 5595, PAGE 332 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID CENTERLINE NORTH 89°48'34" WEST 514.82 FEET TO AN ANGLE POINT THEREIN; THENCE CONTINUING ALONG SAID CENTERLINE NORTH 70°55'27" WEST 45.19 FEET; THENCE LEAVING SAID CENTER LINE NORTH 03°36'18" EAST 223.96 FEET; THENCE NORTH 65°06'18" EAST, 94.00 FEET; THENCE NORTH 03°36'18" EAST, 98.00 FEET; THENCE NORTH 78°08'53" EAST, 190.48 FEET; THENCE NORTH 06°18'57" WEST, 340.30 FEET; THENCE NORTH 87°45'06" EAST, 139.77 FEET; THENCE SOUTH 52°01'14" EAST, 99.93 FEET; THENCE SOUTH 35°31'39" EAST, 147.19 FEET TO THE COMMON LINE BETWEEN SAID SECTIONS 2 AND 3 AND THE TRUE POINT OF BEGINNING; THENCE SOUTH 72°20'30" EAST, 60.84 FEET; THENCE SOUTH 11°02'22" EAST, 114.00 FEET; THENCE NORTH 72°20'30" WEST, 83.96 FEET TO A POINT IN SAID COMMON LINE BETWEEN SECTIONS 2 AND 3, SAID POINT BEING SOUTH 00°06'40" WEST 104.88 FEET FROM THE TRUE POINT OF BEGINNING; THENCE ALONG SAID COMMON LINE NORTH 00°06'40" WEST 104.88 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 7:

A NON-EXCLUSIVE EASEMENT FOR ACCESS, INGRESS AND EGRESS, AND THE RIGHT TO INSTALL AND MAINTAIN A DRIVEWAY, CURBS, CURB CUTS, PAVING AND RELATED IMPROVEMENTS, AS PROVIDED BY THAT CERTAIN "EASEMENT AGREEMENT" RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134558, OFFICIAL RECORDS OF LOS ANGELES COUNTY, OVER THAT PORTION OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, LYING WITHIN A STRIP OF LAND 24 FEET WIDE, AS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, BEING A STRIP OF LAND 24.00 FEET WIDE, THE WESTERLY LINE OF SAID STRIP BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 3, WITH THE CENTERLINE OF HASLEY CANYON ROAD, 40.00 FEET WIDE, AS DESCRIBED IN THE DEED RECORDED IN BOOK 6595, PAGE 332 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID CENTERLINE NORTH 89°48'34" WEST 514.82 FEET TO AN ANGLE POINT THEREIN; THENCE CONTINUING ALONG SAID CENTERLINE NORTH 70°55'27" WEST 45.19 FEET TO THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID CENTERLINE NORTH 03°36'18" EAST 223.96 FEET.

THE EASTERLY LINE OF SAID STRIP IS TO TERMINATE NORTHERLY IN A LINE THAT BEARS NORTH 65°06'18" EAST FROM THE NORTHERLY TERMINUS OF THAT CERTAIN COURSE HEREIN DESCRIBED AS NORTH 03°36'18" EAST 223.96 FEET AND TO TERMINATE SOUTHERLY AT THE CENTERLINE OF SAID HASLEY CANYON ROAD, 40.00 FEET WIDE.

EXCEPTING THEREFROM THAT PORTION WITHIN SAID HASLEY CANYON ROAD.

PARCEL 8:

A NON-EXCLUSIVE EASEMENT FOR ACCESS TO AND THE RIGHT TO INSTALL AND MAINTAIN LANDSCAPING, FENCING, AND SCREENING, AS PROVIDED BY THAT CERTAIN "EASEMENT AGREEMENT" RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134558, OFFICIAL RECORDS OF LOS ANGELES COUNTY, OVER THAT PORTION OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 3, WITH THE CENTERLINE OF HASLEY CANYON ROAD, 40.00 FEET WIDE, AS DESCRIBED IN THE DEED RECORDED IN BOOK 5595, PAGE 332 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID CENTERLINE NORTH 89°48'34" WEST 514.82 FEET TO AN ANGLE POINT THEREIN; THENCE CONTINUING ALONG SAID CENTERLINE NORTH 70°55'27" WEST 45.19 FEET; THENCE LEAVING SAID CENTERLINE NORTH 03°36'18" EAST 223.96 FEET; THENCE NORTH 65°06'18" EAST, 94.00 FEET; THENCE NORTH 03°36'18" EAST, 98.00 FEET; THENCE NORTH

ALTA Loan Policy (10-17-92) w/Form 1 Cov.

Order No. 9851188
Policy No. 27-042-92 3657353

78°08'53" EAST, 190.48 FEET; THENCE NORTH 06°16'57" WEST, 240.05 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG LAST MENTIONED LINE NORTH 06°16'57" WEST 100.25 FEET; THENCE NORTH 87°45'06" EAST, 139.77 FEET; THENCE SOUTH 52°01'14" EAST, 99.93 FEET; THENCE SOUTH 35°31'39" EAST, 147.19 FEET TO THE COMMON LINE BETWEEN SECTION 3 AND SECTION 2, BOTH IN TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN; THENCE ALONG SAID COMMON LINE SOUTH 00°06'40" WEST 104.88 FEET; THENCE NORTH 72°20'30" WEST, 64.90 FEET; THENCE NORTH 35°31'39" WEST, 165.97 FEET; THENCE NORTH 52°01'14" WEST, 48.81 FEET; THENCE SOUTH 87°45'06" WEST, 96.10 FEET TO THE TRUE POINT OF BEGINNING.

EXHIBIT 2**Bonds**

Bond No.	Bond Type	Bond Amounts	
5016810-1-1	Subdivision - Sewer	Faithful Performance	\$3,120,000.00
		Labor and Materials	\$1,560,000.00
5016811-1-1	Subdivision - On-site Water	Faithful Performance	\$2,667,000.00
		Labor and Materials	\$1,333,500.00
5024576-1-1	Subdivision - Off-site Water	Faithful Performance	\$3,418,000.00
		Labor and Materials	\$1,709,000.00
5024577-1-1	Subdivision - Road	Faithful Performance	\$6,134,767.00
		Labor and Materials	\$3,067,384.00
5024578-1-1	Subdivision - Clubhouse Private Drive	Faithful Performance	\$228,900.00
		Labor and Materials	\$114,450.00
5024579-1-1	Subdivision - Lot Trees	Faithful Performance	\$134,600.00
		Labor and Materials	\$67,300.00
5024580-1-1	Subdivision - Tunnel Plans	Faithful Performance	\$1,579,900.00
		Labor and Materials	\$789,950.00
5024581-1-1	Subdivision - Storm Drain	Faithful Performance	\$3,227,700.00
		Labor and Materials	\$1,613,850.00
5024582-1-1	Subdivision - Corrective Geologic	Faithful Performance	\$3,264,000.00
		Labor and Materials	\$1,632,000.00
5024583-1-1	Subdivision - Street Trees	Faithful Performance	\$271,800.00
		Labor and Materials	\$135,900.00
5024584-1-1	Subdivision - Grading		\$4,215,000.00
5024585-1-1	Subdivision - Grading		\$4,215,000.00

Grand Total**\$44,500,001.00**

EXHIBIT D

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO:

COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC WORKS
Land Development Division
P.O. Box 1460
Alhambra, CA 91802-1460

(SPACE ABOVE FOR RECORDER'S USE)

COVENANT AND AGREEMENT TO HOLD PROPERTY AS ONE PARCEL

SFI LOS VALLES LLC (OWNER) hereby certifies that it is the owner of real property located in the County of Los Angeles, State of California, as more particularly described in Exhibit 1, attached hereto and incorporated herein (hereinafter referred to as LOS VALLES).

OWNER hereby agrees and covenants with the County of Los Angeles (COUNTY) that LOS VALLES shall be held as one parcel and no portion shall be sold separately.

OWNER understands and acknowledges that COUNTY will rely on this Covenant and Agreement in connection with COUNTY'S release of certain subdivision bonds related to the development of LOS VALLES.

This covenant and agreement shall run with all of the above-described land and shall be binding upon OWNER, future owners, encumbrances, their successors, heirs, or assignees and shall continue in effect until released by the of the Director of Public Works of the County of Los Angeles upon submittal of request and applicable fees and the Director's determination that the Covenant and Agreement is no longer required.

SFI LOS VALLES LLC,
a Delaware limited liability company

By _____

Name: _____

Title: _____

By _____

Name: _____

Title: _____

STATE OF _____)
_____)
COUNTY OF _____)

On _____, 2011, before me, _____ (here insert name and title of the officer), personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

STATE OF _____)
_____)
COUNTY OF _____)

On _____, 2011 before me, _____ (here insert name and title of the officer), personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT 1

Legal Description

(Attached)

EXHIBIT "ONE"

PARCEL 1: (APN 2866-052-001, 2866-001-017, 2866-001-078, 2866-001-080, 2866-001-071, 2866-001-074, 3247-032-01, 3247-032-35 AND 3247-032-043 TO 045, INCLUSIVE)

PARCEL 1 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 101,922, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH RECORDED MAY 24, 2002 AS INSTRUMENT NO. 02-1208159 OF OFFICIAL RECORDS.

EXCEPT THEREFROM THAT PORTION LYING WITHIN PARCEL 2 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 101,922, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH RECORDED MAY 24, 2002 AS INSTRUMENT NO. 02-1208159 OF OFFICIAL RECORDS.

ALSO EXCEPT THEREFROM THAT PORTION LYING WITHIN PARCEL 5 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 101,923, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH RECORDED AUGUST 17, 2001 AS INSTRUMENT NO. 01-1524850 OF OFFICIAL RECORDS.

EXCEPT 50 PERCENT INTEREST IN ALL OIL, GAS, PETROLEUM, HYDROCARBONS AND OTHER KINDRED SUBSTANCES IN AND LYING UNDER SAID LAND, BUT WITHOUT SURFACE RIGHT OF ENTRY AS RESERVED BY LORETTA J. MAEDER AND ET AL., IN DEED RECORDED APRIL 15, 1963, IN BOOK D1991 PAGE 718, OFFICIAL RECORDS.

ALSO EXCEPT A 25 PERCENT INTEREST IN ALL OIL, GAS, PETROLEUM, HYDROCARBONS AND OTHER KINDRED SUBSTANCES IN AND LYING UNDER SAID LAND, WITHOUT THE RIGHT OF SURFACE ENTRY, BELOW A DEPTH OF 500 FEET, AS RESERVED BY EDMOND H. BURNS AND FLORENCE H. BURNS, HUSBAND AND WIFE, IN DEED RECORDED MAY 19, 1969 IN BOOK D-5379 PAGE 520, OFFICIAL RECORDS.

ALSO EXCEPT FROM THAT PORTION OF PARCELS 1 AND 3 OF SAID PARCEL MAP NO. 22559, BOOK 255, PAGES 46 THROUGH 58, DESCRIBED IN DEED RECORDED MARCH 12, 1956 AS INSTRUMENT NO. 726, IN BOOK 50563 PAGE 48 OFFICIAL RECORDS, AN UNDIVIDED ONE-THIRD OF ALL OIL, GAS AND OTHER RIGHTS AS RESERVED IN DEED FROM LEA STEVENS MCGILLIVRAE RECORDED MARCH 12, 1956 IN BOOK 50563 PAGE 48 OFFICIAL RECORDS.

ALL RIGHTS, TITLE AND INTEREST TO THE SURFACE AND THAT PORTION OF THE SUBSURFACE DOWN TO A DEPTH OF 500 FEET BELOW THE SURFACE THEREOF TOGETHER WITH ALL RIGHTS OF SURFACE ENTRY THEREON HAS BEEN QUITCLAIMED BY LEA STEVENS MCGILLIVRAE BY DEED RECORDED NOVEMBER 28, 1969 AS INSTRUMENT NO. 730, IN BOOK D4567 PAGE 44 OFFICIAL RECORDS.

ALSO EXCEPT FROM THAT PORTION OF PARCEL 1 OF SAID PARCEL MAP NO. 22559, BOOK 255, PAGES 46 THROUGH 58, DESCRIBED IN DEED RECORDED JULY 24, 1963 AS INSTRUMENT NO. 351, IN BOOK D2115 PAGE 150, OFFICIAL RECORDS, AN UNDIVIDED 50 PER CENT OF 100 PER CENT OF ALL OIL, GAS, MINERAL AND OTHER HYDROCARBON SUBSTANCES LYING IN OR UNDER SAID LAND, BUT WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED BY ANGELA HARRISON, A WIDOW, IN DEED RECORDED JULY 24, 1963 AS INSTRUMENT NO. 351, IN BOOK D2115 PAGE 150

OFFICIAL RECORDS.

ALSO EXCEPT FROM THAT PORTION OF PARCEL 1 OF SAID PARCEL MAP NO. 22559, DESCRIBED IN DEED RECORDED SEPTEMBER 13, 1990 AS INSTRUMENT NO. 90-1581309, ALL OIL AND GAS AS RESERVED BY THE UNITED STATES OF AMERICA IN DEED RECORDED SEPTEMBER 13, 1990 AS INSTRUMENT NO. 90-1581309.

ALSO EXCEPT FROM THAT PORTION OF SAID LAND DESCRIBED IN THE HEREINAFTER MENTIONED DEED, ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND LYING BELOW A DEPTH OF 500 FEET FROM THE SURFACE THEREOF; BUT WITH NO RIGHT OF SURFACE ENTRY, AS PROVIDED IN THE DEED RECORDED DECEMBER 6, 1999 AS INSTRUMENT NO. 99-2241409 AND RE-RECORDED APRIL 23, 2001 AS INSTRUMENT NO. 01-689940.

ALSO EXCEPT FROM SAID LAST MENTIONED PORTION OF SAID LAND, THE SUBSURFACE WATER RIGHTS, BUT WITHOUT THE RIGHT OF ENTRY TO THE SURFACE OR SUBSURFACE ABOVE A DEPTH OF 50 FEET, AS PROVIDED IN THE DEED RECORDED DECEMBER 6, 1999 AS INSTRUMENT NO. 99-2241409 AND RE-RECORDED APRIL 23, 2001 AS INSTRUMENT NO. 01-689940.

ALSO EXCEPT FROM THAT PORTION OF SAID LAND DESCRIBED IN THE HEREINAFTER MENTIONED DEED, ALL MINERAL INTERESTS, INCLUDING BUT NOT LIMITED TO ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES WHETHER NOW KNOWN TO EXIST OR HEREAFTER DISCOVERED, INCLUDING BUT NOT LIMITED TO RIGHTS TO EXPLORE FOR, DEVELOP AND REMOVE SUCH OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, WITHOUT, HOWEVER, ANY RIGHT TO USE THE SURFACE OF SAID LAND OR ANY OTHER PORTION THEREOF INCLUDING THE RIGHT OF SURFACE ENTRY FOR A DEPTH OF 200 FEET MEASURED FROM THE SURFACE OF SUCH REAL PROPERTY FOR ANY PURPOSE WHATSOEVER, AS RESERVED IN THE DEED RECORDED FEBRUARY 18, 2003 AS INSTRUMENT NO. 03-0470027.

ALSO EXCEPT FROM THAT PORTION OF SAID LAND DESCRIBED IN THE HEREINAFTER MENTIONED DEED, ALL MINERAL INTERESTS, INCLUDING BUT NOT LIMITED TO ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES WHETHER NOW KNOWN TO EXIST OR HEREAFTER DISCOVERED, INCLUDING BUT NOT LIMITED TO RIGHTS TO EXPLORE FOR, DEVELOP AND REMOVE SUCH OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, AND INCLUDING THE RIGHT TO USE THE SURFACE OF SAID LAND AND ANY OTHER PORTION THEREOF INCLUDING THE RIGHT OF SURFACE ENTRY, AS RESERVED BY AMERICAN ENERGY OPERATIONS, INC., A CALIFORNIA CORPORATION, IN THE DEED RECORDED FEBRUARY 18, 2003 AS INSTRUMENT NO. 03-0470030.

THE RIGHT OF SURFACE ENTRY TO THE SURFACE AND THAT PORTION OF THE SUBSURFACE TO A DEPTH OF 500 FEET OF SAID LAND WAS QUITCLAIMED BY QUITCLAIM DEED EXECUTED BY AMERICAN ENERGY OPERATIONS, INC., A CALIFORNIA CORPORATION, RECORDED JULY 28, 2003 INSTRUMENT NO. 03-2134554.

PARCEL 2: (APN 3247-032-046)

PARCEL 2 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 101,922, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH RECORDED MAY 24, 2002 AS INSTRUMENT NO. 02-1208159 OF OFFICIAL RECORDS.

EXCEPT 50 PERCENT INTEREST IN ALL OIL, GAS, PETROLEUM, HYDROCARBONS AND OTHER KINDRED SUBSTANCES IN AND LYING UNDER SAID LAND, BUT WITHOUT SURFACE RIGHT OF ENTRY AS RESERVED BY LORETTE J. MAEDER AND ET AL., IN DEED RECORDED APRIL 15, 1963,

IN BOOK D 1991 PAGE 718, OFFICIAL RECORDS.

ALSO EXCEPT A 25 PERCENT INTEREST IN ALL OIL, GAS, PETROLEUM, HYDROCARBONS AND OTHER KINDRED SUBSTANCES IN AND LYING UNDER SAID LAND, WITHOUT THE RIGHT OF SURFACE ENTRY, BELOW A DEPTH OF 500 FEET, AS RESERVED BY EDMOND H. BURNS AND FLORENCE H. BURNS, HUSBAND AND WIFE, IN DEED RECORDED MAY 19, 1969 IN BOOK D-5373 PAGE 520, OFFICIAL RECORDS.

ALSO EXCEPT THEREFROM, ALL MINERAL INTERESTS, INCLUDING BUT NOT LIMITED TO ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES WHETHER NOW KNOWN TO EXIST OR HEREAFTER DISCOVERED, INCLUDING BUT NOT LIMITED TO RIGHTS TO EXPLORE FOR, DEVELOP AND REMOVE SUCH OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, WITHOUT, HOWEVER, ANY RIGHT TO USE THE SURFACE OF SAID LAND OR ANY OTHER PORTION THEREOF INCLUDING THE RIGHT OF SURFACE ENTRY FOR A DEPTH OF 500 FEET MEASURED FROM THE SURFACE OF SUCH REAL PROPERTY FOR ANY PURPOSE WHATSOEVER, AS RESERVED IN THE DEED RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134552.

PARCEL 3: (APN 2866-001-077)

PARCEL 5 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 101,923, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH RECORDED AUGUST 17, 2001 AS INSTRUMENT NO. 01-152850 OF OFFICIAL RECORDS.

EXCEPT THEREFROM, ALL MINERAL INTERESTS, INCLUDING BUT NOT LIMITED TO ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES WHETHER NOW KNOWN TO EXIST OR HEREAFTER DISCOVERED, INCLUDING BUT NOT LIMITED TO RIGHTS TO EXPLORE FOR, DEVELOP AND REMOVE SUCH OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, WITHOUT, HOWEVER, ANY RIGHT TO USE THE SURFACE OF SAID LAND OR ANY OTHER PORTION THEREOF INCLUDING THE RIGHT OF SURFACE ENTRY FOR A DEPTH OF 500 FEET MEASURED FROM THE SURFACE OF SUCH REAL PROPERTY FOR ANY PURPOSE WHATSOEVER, AS RESERVED IN THE DEED RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134546.

PARCEL 4: (APN 2866-001-015, 2866-001-018 AND 2866-001-029)

LOTS 2 AND 3 AND THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 2, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO BASE AND MERIDIAN, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE SEPTEMBER 6, 1880.

EXCEPT ALL OIL, GAS AND MINERALS IN AND UNDER SAID LAND AS RESERVED IN THE PATENT FROM UNITED STATES OF AMERICA, RECORDED MAY 7, 1947 IN BOOK 24535 PAGE 351, OFFICIAL RECORDS.

PARCEL 5:

A NON-EXCLUSIVE EASEMENT FOR ACCESS, INGRESS AND EGRESS, AND THE RIGHT TO INSTALL AND MAINTAIN A DRIVEWAY, CURBS, CURB CUTS, PAVING AND RELATED IMPROVEMENTS, AS PROVIDED BY THAT CERTAIN "EASEMENT AGREEMENT" RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134547, OFFICIAL RECORDS OF LOS ANGELES COUNTY, OVER THAT PORTION OF SECTION 2, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, LYING WITHIN A STRIP OF LAND 24 FEET WIDE, AS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 2, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, BEING A STRIP OF LAND 24.00 FEET WIDE, THE EASTERLY LINE OF SAID STRIP BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 2, WITH THE CENTERLINE OF HASLEY CANYON ROAD, 40.00 FEET WIDE, AS DESCRIBED IN THE DEED RECORDED IN BOOK 5595, PAGE 332 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID CENTERLINE SOUTH 89°48'34" EAST 459.98 FEET TO THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID CENTERLINE NORTH 00°00'25" WEST 126.39 FEET.

THE WESTERLY LINE OF SAID STRIP IS TO TERMINATE NORTHERLY IN A LINE THAT BEARS NORTH 63°43'23" WEST FROM THE NORTHERLY TERMINUS OF THAT CERTAIN COURSE HEREIN DESCRIBED AS NORTH 00°00'25" WEST 126.39 FEET AND TO TERMINATE SOUTHERLY AT THE CENTERLINE OF SAID HASLEY CANYON ROAD, 80.00 FEET WIDE.

EXCEPTING THEREFROM THAT PORTION WITHIN SAID HASLEY CANYON ROAD.

PARCEL 6:

A NON-EXCLUSIVE EASEMENT FOR ACCESS TO AND THE RIGHT TO INSTALL AND MAINTAIN LANDSCAPING, FENCING, AND SCREENING, AS PROVIDED BY THAT CERTAIN "EASEMENT AGREEMENT" RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134547, OFFICIAL RECORDS OF LOS ANGELES COUNTY, OVER THAT PORTION OF SECTION 2, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 2, IN TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE EAST LINE OF THE SOUTHEAST QUARTER OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN WITH THE CENTERLINE OF HASLEY CANYON ROAD, 40.00 FEET WIDE, AS DESCRIBED IN THE DEED RECORDED IN BOOK 5595, PAGE 332 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID CENTERLINE NORTH 89°48'34" WEST 514.82 FEET TO AN ANGLE POINT THEREIN; THENCE CONTINUING ALONG SAID CENTERLINE NORTH 70°55'27" WEST 45.19 FEET; THENCE LEAVING SAID CENTERLINE NORTH 03°36'18" EAST 223.96 FEET; THENCE NORTH 65°06'18" EAST, 94.00 FEET; THENCE NORTH 03°36'18" EAST, 98.00 FEET; THENCE NORTH 78°08'53" EAST, 190.48 FEET; THENCE NORTH 06°16'57" WEST, 340.30 FEET; THENCE NORTH 87°45'06" EAST, 139.77 FEET; THENCE SOUTH 52°01'14" EAST, 99.93 FEET; THENCE SOUTH 35°31'39" EAST, 147.19 FEET TO THE COMMON LINE BETWEEN SAID SECTIONS 2 AND 3 AND THE TRUE POINT OF BEGINNING; THENCE SOUTH 72°20'30" EAST, 60.84 FEET; THENCE SOUTH 11°02'22" EAST, 114.00 FEET; THENCE NORTH 72°20'30" WEST, 83.96 FEET TO A POINT IN SAID COMMON LINE BETWEEN SECTIONS 2 AND 3, SAID POINT BEING SOUTH 00°06'40" WEST 104.88 FEET FROM THE TRUE POINT OF BEGINNING; THENCE ALONG SAID COMMON LINE NORTH 00°06'40" WEST 104.88 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 7:

A NON-EXCLUSIVE EASEMENT FOR ACCESS, INGRESS AND EGRESS, AND THE RIGHT TO INSTALL AND MAINTAIN A DRIVEWAY, CURBS, CURB CUTS, PAVING AND RELATED IMPROVEMENTS, AS PROVIDED BY THAT CERTAIN "EASEMENT AGREEMENT" RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134558, OFFICIAL RECORDS OF LOS ANGELES COUNTY, OVER THAT PORTION OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, LYING WITHIN A STRIP OF LAND 24 FEET WIDE, AS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, BEING A STRIP OF LAND 24.00 FEET WIDE, THE WESTERLY LINE OF SAID STRIP BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 3, WITH THE CENTERLINE OF HASLEY CANYON ROAD, 40.00 FEET WIDE, AS DESCRIBED IN THE DEED RECORDED IN BOOK 5595, PAGE 332 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID CENTERLINE NORTH 89°48'34" WEST 514.82 FEET TO AN ANGLE POINT THEREIN; THENCE CONTINUING ALONG SAID CENTERLINE NORTH 70°55'27" WEST 45.19 FEET TO THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID CENTERLINE NORTH 03°36'18" EAST 223.96 FEET.

THE EASTERLY LINE OF SAID STRIP IS TO TERMINATE NORTHERLY IN A LINE THAT BEARS NORTH 65°06'18" EAST FROM THE NORTHERLY TERMINUS OF THAT CERTAIN COURSE HEREIN DESCRIBED AS NORTH 03°36'18" EAST 223.96 FEET AND TO TERMINATE SOUTHERLY AT THE CENTERLINE OF SAID HASLEY CANYON ROAD, 40.00 FEET WIDE.

EXCEPTING THEREFROM THAT PORTION WITHIN SAID HASLEY CANYON ROAD.

PARCEL 8:

A NON-EXCLUSIVE EASEMENT FOR ACCESS TO AND THE RIGHT TO INSTALL AND MAINTAIN LANDSCAPING, FENCING, AND SCREENING, AS PROVIDED BY THAT CERTAIN "EASEMENT AGREEMENT" RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134558, OFFICIAL RECORDS OF LOS ANGELES COUNTY, OVER THAT PORTION OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 3, WITH THE CENTERLINE OF HASLEY CANYON ROAD, 40.00 FEET WIDE, AS DESCRIBED IN THE DEED RECORDED IN BOOK 5595, PAGE 332 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID CENTERLINE NORTH 89°48'34" WEST 514.82 FEET TO AN ANGLE POINT THEREIN; THENCE CONTINUING ALONG SAID CENTERLINE NORTH 70°55'27" WEST 45.19 FEET; THENCE LEAVING SAID CENTERLINE NORTH 03°36'18" EAST 223.96 FEET; THENCE NORTH 65°06'18" EAST, 94.00 FEET; THENCE NORTH 03°36'18" EAST, 98.00 FEET; THENCE NORTH

ALTA Loan Policy (10-17-92) w/Form 1 Gov.

Order No. 9851188
Policy No. 27-042-92 3657353

78°08'53" EAST, 190.48 FEET; THENCE NORTH 06°16'57" WEST, 240.05 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG LAST MENTIONED LINE NORTH 06°16'57" WEST 100.25 FEET; THENCE NORTH 87°45'06" EAST, 139.77 FEET; THENCE SOUTH 52°01'14" EAST, 99.93 FEET; THENCE SOUTH 35°31'39" EAST, 147.19 FEET TO THE COMMON LINE BETWEEN SECTION 3 AND SECTION 2, BOTH IN TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN; THENCE ALONG SAID COMMON LINE SOUTH 00°06'40" WEST 104.88 FEET; THENCE NORTH 72°20'30" WEST, 64.90 FEET; THENCE NORTH 35°31'39" WEST, 165.97 FEET; THENCE NORTH 52°01'14" WEST, 48.81 FEET; THENCE SOUTH 87°45'06" WEST, 96.10 FEET TO THE TRUE POINT OF BEGINNING.

EXHIBIT E

**MECHANICS AND MATERIALMAN LIENS AND DEEDS OF TRUST RECORDED
AGAINST LOS VALLES**

CLAIMANT	NUMBER	AMOUNT
J.W. Sutter, Inc.	No. 20080996491	\$2,632,043.00
Schwartz Oil Company, Inc.	No. 20081532781	\$582,954.63
J.W. Sutter, Inc.	No. 20081721253	\$5,774,213.00
Flo-Line Concrete Co., Inc.	No. 200817672724	\$260,892.13
Independent Construction Co.	No. 20081764284	\$255,857.62
Independent Construction Co.	No. 20081764285	\$85,285.87
Independent Construction Co.	No. 20081764286	\$85,285.87
Independent Construction Co.	No. 20081764287	\$85,285.87
Independent Construction Co.	No. 20081764288	\$34,114.35
Independent Construction Co.	No. 20081764289	\$34,114.35
Independent Construction Co.	No. 20081764290	\$34,114.35
Independent Construction Co.	No. 20081764291	\$34,114.35
Independent Construction Co.	No. 20081764292	\$34,114.35
Independent Construction Co.	No. 20081764293	\$34,114.35
Independent Construction Co.	No. 20081764294	\$341,143.49
Independent Construction Co.	No. 20081764295	\$426,429.37
Independent Construction Co.	No. 20081764296	\$255,857.62
Independent Construction Co.	No. 2001764297	\$597,001.13
R&R Pipeline, Inc.	No. 20081888670	\$1,085,858.64
National Ready Mixed	No. 20081889341	\$39,637.83

Concrete Co.		
Duthie Generator Services	No. 20081938337	\$4,833.13
Valley Crest Tree Company	No. 20082025895	\$39,960.00
HD Supply White Cap Construction Supply Inc.	No. 20082164564	\$29,427.94
Allan E. Seward Engineering Geology, Inc.	No. 20090213424	\$234,837.36
HD Supply White Cap Construction Supply Inc.	No. 20090620642	\$29,427.94

EXHIBIT F

PALMER WELL REMAINING WORK

Los Valles Booster Station, Well and Tank

List of Tasks to be Completed

Date: 2-14-11

1. Slope protection at three places to protect the slope from erosion (complete), Check gravel areas and install gravel drainage (Macias)
2. Installation of 3 ton hoist (BWP/Staats)
3. Complete the electrical wiring (Sitco)
 - a. Wire the radio antenna
 - b. Complete the PLC I/O terminations and other miscellaneous wiring.
 - c. Power up station and verify wiring.
4. Check the completed wiring by Engineer (Stetson/Calpower/Dist 36)
5. Verify Fire Department Approval or arrange final walk through (Kaplinski/Stetson)
6. Finalize CalARP (/Kaplinski/Risk Management Inc.)
7. Installation of the nitrogen cylinders by TGO. Kaplinski to Coordinate
8. Redevelopment of the well (Stetson/Staats)
 - a. Connect existing "spare line" pipeline to well and to culvert under Hasley Canyon Drive for discharge (Staats/Macias)
 - b. Regional Water Quality Control Board Notification (Kaplinski)
 - c. Water Quality Samples (Staats)
 - d. Well performance measurement (depth to water)
Note: Pending results of 8.d, the well re-development may also require cleaning, development by swabbing and airlifting, and development by pumping.
Note: Completion of Item 8 requires passing water quality testing per approved plans and specifications.
9. Re-chlorination of well if water quality testing (6. c above) indicates it is necessary (BWP/Staats)
Note: Completion of Item 9 requires passing water quality testing per approved plans and specifications.
10. Chlorination of the tank (BWP/Staats)
 - a. 300,000 gallons tank
Note: Completion of Item 10 requires passing water quality testing per approved plans and specifications
11. Chlorination of the pipelines (Staats)
Note: Completion of Item 11 requires passing water quality testing per approved plans and specifications
12. Functional description and control narrative finalization (Westin, LAC, Stetson/Kaplinski)
13. Programming the RTU's (Westin/LAC/Kaplinski)
14. Prepare As-builts (Stetson)
15. Coordinate vendors for installation check of equipment (Stetson/Kaplinski)
 - a. Chlorinators (TGO)
 - b. Chlorination Control (Misco)
 - c. Leak Detectors

- d. Chemsan analyzer
- e. Miscellaneous Instruments
- 16. Preparation of commissioning plan (Stetson)
- 17. Introduction of water to the tank (BWP/Staats/Stetson)
- 18. Ordering and Loading of chemicals (LAC)
- 19. Coordinate vendors for start-up and testing (Stetson/Kaplinski)
- 20. Start-up (Stetson/BWP/Westin/Misco/Kaplinski)

Additional Notes:

1. Ester Brawley of RMP indicated that Teresa Quiaoit to whom the PHA paperwork was submitted is no longer dealing with this project. Mr. Michael Whitehead will replace her. All the paper work may need to be re-submitted to Mr. Michael Whitehead. Ester Brawley of RMP will go ahead and re-submit the papers.
2. Frank Ledesma of the Fire department of Petroleum-Chemical Unit is no longer work with the bureau. We submitted the paper work to Mr. Frank Ledesma for Fire Department approval about one year back. We will have to find out who is responsible for this project at this time and re-submit the papers.
3. Ester Brawley of RMP indicated that there is a new requirement for the registration for the chlortainers with EPA. The two chlortainers need to be registered with EPA electronically. Ester Brawley of RMP will help to get it done.
4. TGO Technologies will send nitrogen cylinders to the site for installation. Please confirm the site address. These nitrogen cylinders should be installed by BWP as shown in the TGO plans
5. There is a chlorine evacuation device that will be installed inside the chlortainer. Denton left this particular device inside the chlortiner. TGO technologies will install this device when they come to the site. Please make sure it is there. If it is missing, we will have to reorder it.
6. There are two mechanical winches on the loading rack of the chlortainers. The last inspection on February 8, 2011, these were not electrically connected. These connections need to be completed.

Additional Requirements:

- A. Completion of required easement for access.
- B. Completion of Improvement documentation, including but not limited to as built drawings, O & M manuals, and warranty deeds.
- C. Completion of all outstanding permits related to the construction of the access road.
- D. Removal of Graffiti from pump building, tank and electrical panels.

EXHIBIT "F"

**COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC WORKS
MULTIPLE AGREEMENT**

For Tract Nos. 52584-01, 52584-02, and 52584

This AGREEMENT, made and entered into on _____, 20____, by and between the County of Los Angeles and the Los Angeles County Flood Control District, State of California, acting by and through the Director of Public Works (hereinafter collectively referred to as COUNTY) and SFI Los Valles LLC, a Delaware limited liability company, _____ (hereinafter referred to as SUBDIVIDER). (Address)

WITNESSETH:

This AGREEMENT is entered into between the parties pursuant to Title 7, Division 2, of the Government Code (the State Subdivision Map Act) together with Title 16, Division 1 (the Highway Permit Ordinance), and Title 21, Division 1 (the Subdivision Ordinance), of the Los Angeles County Code.

Whereas, SUBDIVIDER is the owner of certain real property in the County of Los Angeles commonly known as Los Valles, as more particularly described in Exhibit A, attached hereto and incorporated herein (LOS VALLES).

Whereas a final unit tract map, No. 52584-01, has been recorded on a portion of LOS VALLES, and two additional final unit tract maps, Nos. 52584-02 and 52584, are anticipated to eventually be filed at some future time.

Whereas SUBDIVIDER is the successor in interest to a prior owner of LOS VALLES, which prior owner had entered into an agreement with COUNTY to complete certain subdivision improvements on LOS VALLES.

Whereas, SUBDIVIDER previously posted performance and payment bonds with COUNTY as security to guarantee the completion of the subdivision improvements on LOS VALLES.

Whereas, SUBDIVIDER has requested COUNTY to substitute a lien on LOS VALLES in place of the bonds, and SUBDIVIDER and COUNTY, concurrently herewith, intend to enter into an Agreement Related To The Substitution Of Security For Subdivision Improvements.

Whereas, COUNTY desires to ensure that all improvements proposed to be constructed within the easements offered for dedication in LOS VALLES meet and comply with standards and plans approved and implemented by COUNTY.

FIRST: SUBDIVIDER, for and in consideration of COUNTY'S acceptance of substitute security and release of the above-referenced bonds, hereby agrees, at SUBDIVIDER'S own cost and expense, to furnish all labor, materials, and equipment necessary to perform and complete the following improvement(s) and/or work in connection with LOS VALLES, within four (4) years from the date of this AGREEMENT, or such extensions as COUNTY approves, in a good and workmanlike manner, to wit:

- ☐ A 5-foot CHAINLINK FENCE per the latest revision of Standard Plans for Public Works Construction No. 600 at the rear and/or side of lots/parcels _____ (inclusive) adjacent to _____. The estimated cost of this work is the sum of _____ dollars (\$ _____).
- ☐ A COMBINATION MASONRY WALL AND CHAINLINK FENCE per the latest revision of Standard Plans for Public Works Construction No. 621-1 at the rear and/or side of lots/parcel _____ (inclusive) adjacent to _____. The estimated cost of this work is the sum of _____ dollars (\$ _____).
- ☐ A 5-foot MASONRY WALL per the latest revision of Standard Plans for Public Works Construction No. 601-1 at the rear and/or side of lots/parcels _____ (inclusive) adjacent to _____. The estimated cost of this work is the sum of _____ dollars (\$ _____).
- ☒ CORRECTIVE GEOLOGIC IMPROVEMENTS. Said work shall be done under the provisions of Title 26 of the Los Angeles County Code. The estimated cost of this work is the sum of Three Million Two Hundred Sixty-four Thousand and 00/100 Dollars (\$3,264,000.00).
- ☒ SANITARY SEWERS, and appurtenances thereto, under Private Contract No. 11838, in streets and/or rights of way. The estimated cost of this work is the sum of Three Million One Hundred Twenty Thousand and 00/100 Dollars (\$3,120,000.00).
- ☒ STORM DRAINS, and appurtenances thereto, under Private Drain No. 2593, in streets and/or rights of way. The estimated cost of this work is the sum of Three Million Two Hundred Twenty-seven Thousand Seven Hundred and 00/100 Dollars (\$3,227,700.00).
- ☒ Setting of SURVEY MONUMENTS AND TIE POINTS and furnishing to the Director of Public Works (hereinafter referred to as DIRECTOR), or

other designated COUNTY official, tie notes for said points, according to the provisions of Title 21 of the Los Angeles County Code regulating division and mapping of land; paying the surveyor or engineer of record, or his authorized substitute, for the work performed by him; and providing notice to SUBDIVIDER and DIRECTOR, or other designated COUNTY official, when monuments have been set as provided for in Division 2, Chapter 4, Article 9, of Title 7 of the Government Code (the Subdivision Map Act). The estimated cost of this work is the sum of Twenty-four Thousand Seven Hundred and 00/100 Dollars (\$24,700.00).

- [x] ON-SITE WATER SYSTEM FACILITIES including pump stations, water tanks, water mains, water wells, fire hydrants, and all other appurtenances, thereto, in dedicated public streets, private streets and easements, in accordance with plans and specifications on file with DIRECTOR. The estimated cost of this work is the sum of Two Million Six Hundred Sixty-seven Thousand and 00/100 Dollars (\$2,667,000.00).
- [x] ROAD IMPROVEMENTS in accordance with the approved road plans for said land division on file with DIRECTOR. The estimated cost of this work and improvements is the sum of Six Million One Hundred Thirty-four Thousand Seven Hundred Sixty-seven and 00/100 Dollars (\$6,134,767.00).
- [x] STREET TREE IMPROVEMENTS in accordance with the approved road plans for said land division on file with DIRECTOR. The estimated cost of this work and improvements is the sum of Two Hundred Seventy-one Thousand Eight Hundred and 00/100 Dollars (\$271,800.00).
- [x] OFF-SITE WATER SYSTEM. The estimated cost of this work is the sum of Three Million Four Hundred Eighteen Thousand and 00/100 Dollars (\$3,418,000.00).
- [x] TUNNEL PLANS. The estimated cost of this work is the sum of One Million Five Hundred Seventy-nine Thousand Nine Hundred and 00/100 Dollars (\$1,579,900.00).
- [x] CLUBHOUSE PRIVATE DRIVE. The estimated cost of this work is the sum of Two Hundred Twenty-eight Thousand Nine Hundred and 00/100 Dollars (\$228,900.00).
- [x] LOT TREES. The estimated cost of this work is the sum of One Hundred Thirty-four Thousand Six Hundred and 00/100 Dollars (\$134,600.00).

The above-mentioned improvement(s) are to be constructed within and without the boundaries of said land divisions according to the approved plans and/or applicable Standard Specifications for Public Works Construction, as amended, which are hereby made a part of this AGREEMENT, on file with DIRECTOR, and/or other COUNTY

officials, as applicable, and shall not be deemed completed until all inspection fees are paid and the work and improvements are approved or approved and accepted for maintenance by COUNTY as follows:

1. Fences and walls, as required by the Department of Regional Planning, when fully constructed according to standard plans. COUNTY will not assume maintenance responsibility for these improvements.
2. Corrective geologic improvements when fully constructed according to the plans and geotechnical reports on file with COUNTY. COUNTY will not assume maintenance responsibility for these improvements.
3. Sanitary sewers when fully constructed according to Private Contract No. 11838 on file with COUNTY. The acceptance for maintenance shall be effective on the date of the letter to SUBDIVIDER giving notice of the release of the improvement security for the work, unless another date is specified in the letter.
4. Storm drains when fully constructed according to Private Drain No. 2593 on file with COUNTY. The acceptance for maintenance can only be approved by the Board of Supervisors (hereinafter referred to as BOARD). The acceptance for maintenance shall be effective on the date of BOARD'S action. The improvement security shall be released after BOARD has acted to accept the storm drain(s).
5. Survey monuments when set according to the final tract map or final parcel map on file with COUNTY and all tie points are submitted to COUNTY. The improvement security shall be released after COUNTY has inspected the monuments and indexed the tie notes.
6. Water system facilities when fully constructed according to plans on file with COUNTY. The acceptance for maintenance by the private water utility or a County Waterworks District, as appropriate, shall be effective on the date of the letter to SUBDIVIDER giving notice of the release of the improvement security for the work, unless another date is specified in the letter.
7. Road improvements when fully constructed according to plans on file with COUNTY. Road improvements within dedicated public rights of way will be accepted for maintenance by COUNTY. Private and future streets will not be accepted into COUNTY roadway system for maintenance. The acceptance for maintenance of road improvements shall be effective on the date of the letter to SUBDIVIDER giving notice of the release of the improvement security for the work, unless another date is specified in the letter. In the interest of public safety or necessity, DIRECTOR may, at her sole discretion, accept for maintenance partial improvements completed

under the inspection of and deemed satisfactory to the DIRECTOR, or other designated COUNTY official. The acceptance for maintenance of partial improvements shall be effective on the date of the letter to SUBDIVIDER indicating that COUNTY will maintain these improvements.

8. Street tree improvements when fully constructed according to plans on file with COUNTY. Street trees within dedicated public rights of way will be accepted for maintenance by COUNTY. COUNTY will not assume maintenance responsibility for trees on private and future streets. The acceptance for maintenance of street tree improvements shall be effective on the date of the letter to SUBDIVIDER giving notice of the release of the improvement security for the work unless another date is specified in the latter. The improvement security for the street trees will be released one year after the internal inspection. If the trees are reinspected at that time and found to be healthy and the road improvements have been accepted as complete.

Furthermore, SUBDIVIDER shall maintain these improvements until accepted by COUNTY. Such maintenance includes, but is not limited to, graffiti removal, debris removal, brush/weed removal, rodent control, and concrete/asphalt and fence repairs.

SECOND: COUNTY has approved grading plans (Grading Plan Check No. GR 0408020002) for LOS VALLES, and certain grading has occurred thereon. SUBDIVIDER shall obtain a grading permit from COUNTY prior to commencing any further grading on LOS VALLES, and shall complete said grading in accordance with the terms and conditions of said grading permit and the provisions and requirements of Title 26 of the Los Angeles County Code (Building Code). Additionally, SUBDIVIDER shall mitigate any hazardous conditions, including flood and geotechnical hazards, arising from or caused by the existing or future grading, and shall perform any work that the COUNTY's Building Official determines is necessary to bring the existing or future grading into compliance with the Building Code. SUBDIVIDER shall provide security, as approved by COUNTY, to guarantee the performance of its obligations described in this paragraph, in the amount of Eight Million Four Hundred Thirty Thousand and 00/100 Dollars (\$8,430,000.00).

THIRD: That COUNTY shall not, nor shall any officer or employee thereof, be liable or responsible for any accident, loss, or damage happening or occurring within the easements offered or dedicated for improvements or to the improvements specified in this agreement prior to the completion, approval, and acceptance for maintenance of same. Nor shall COUNTY, nor any officer or employee thereof, be liable or responsible to persons for property damaged or injuries of said improvements or by reason of the acts, omissions or services of SUBDIVIDER, its agents or employees, in performance of the construction of said improvements prior to acceptance of said improvements by COUNTY. All of said liabilities shall be assumed by SUBDIVIDER. SUBDIVIDER further agrees to indemnify, defend, and save harmless COUNTY, its agents, officers, and employees from and against any and all liability, expense, including defense costs

and legal fees, and claims for damages of any nature whatsoever including, but not limited to, bodily injury, death, personal injury, or property damage arising from or connected with the acts, omissions, or services of SUBDIVIDER, its agents or employees hereunder, including any workers' compensation suits, liability, or expense, arising from or connected with the acts, omissions, or services by any person pursuant to this AGREEMENT, or arising out of the use of any patent or patented article in the construction of said improvements. For purposes of this paragraph, any work performed by COUNTY, its agents, or employees, under authority of Chapters 16.06 and/or 16.10 of Title 16 of the Los Angeles County Code, or under authority granted to COUNTY by Government Code Section 831.3, where such work by COUNTY has been initiated as a result of the failure of SUBDIVIDER to comply with any specification or requirement, or by failure of SUBDIVIDER to complete any work contemplated by this AGREEMENT, such work by COUNTY shall be deemed to have arisen out of and from the acts, omissions, or services of SUBDIVIDER, and for which SUBDIVIDER agrees to indemnify, defend, and save harmless COUNTY.

FOURTH: SUBDIVIDER hereby grants to COUNTY, the surety upon any Bond, the financial institution of any improvement security, and to the agents, employees, and contractor of them, upon any default by SUBDIVIDER of its obligations under this AGREEMENT and the failure to cure such default within 20 business days after written notice of such default has been sent to SUBDIVIDER (provided that if such cure cannot be completed within such 20-business-day period but SUBDIVIDER has commenced such cure within such 20-business-day period, then SUBDIVIDER shall not be deemed to have failed to timely cure such default so long as SUBDIVIDER diligently continues to pursue all commercially reasonable acts to cure such default), the irrevocable permission to enter upon the lands of the subject land division for the purpose of completing the improvement. The permission shall terminate in the event that SUBDIVIDER, financial institution, or the surety has completed the work within the time specified or any extension thereof granted by DIRECTOR or other designated COUNTY official.

FIFTH: SUBDIVIDER will at all times, from the approval of said land division to the completion of said work or improvement and acceptance for maintenance by COUNTY, as provided in the first paragraph above by COUNTY, give good and adequate warning of each and every dangerous condition caused by the construction of said improvements and will protect the traveling public therefrom.

SIXTH: It is further agreed that SUBDIVIDER shall have such control of the ground/area reserved for the installation of such work, and the streets in which they are to be placed, as is necessary to allow him/her to carry out this AGREEMENT.

SEVENTH: SUBDIVIDER hereby agrees to pay for the inspection of such work and improvements as may be required by DIRECTOR, or other designated COUNTY official, prior to the acceptance of said improvements by COUNTY.

EIGHTH: SUBDIVIDER shall give notice to DIRECTOR or other designated COUNTY official, at least twenty-four (24) hours before beginning any work or improvements contemplated by this AGREEMENT and shall furnish said DIRECTOR all reasonable facilities for obtaining full information respecting the progress and manner of work.

NINTH: SUBDIVIDER agrees to grant to COUNTY such easements and/or fee rights as are necessary for the upkeep and maintenance by COUNTY of the improvements agreed to be constructed herein.

TENTH: SUBDIVIDER shall perform any changes or alterations necessitated by field conditions and based on applicable standard specifications in the construction and installation of such improvements required by COUNTY, provided that all such changes or alterations do not exceed ten percent (10%) of the original total estimated cost of such improvements. Said cost is to be borne by SUBDIVIDER.

ELEVENTH: SUBDIVIDER shall guarantee such improvements for a period of one (1) year following acceptance for maintenance by COUNTY against any defective work or labor done or defective materials in the performance of this AGREEMENT by SUBDIVIDER.

TWELFTH: SUBDIVIDER hereby agrees that all work on any County Highway, which existed prior to the filing of said map, shall be completed in accordance with the terms and provisions of Title 16, Division 1, of the Los Angeles County Code (Highway Permits). Said code requires, in part, that once work is commenced it shall be prosecuted in a diligent and workmanlike manner to completion. If COUNTY determines that SUBDIVIDER has failed to perform as therein specified, COUNTY reserves the right to exclude SUBDIVIDER from the site and complete the work contemplated by COUNTY forces or by separate contract. SUBDIVIDER further agrees to reimburse COUNTY for all charges accruing as a result of such construction by COUNTY forces or separate contract.

THIRTEENTH: It is further agreed that SUBDIVIER has filed with COUNTY, an acceptable and sufficient improvement security in an amount not less than the estimated cost of the work and improvements, as above specified, for the faithful performance of the terms and conditions and guarantees of this AGREEMENT and has also deposited with the COUNTY a good and sufficient payment security for labor and materials in the amount prescribed by law to secure the claims to which reference is made in Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code. If said improvement security or payment security becomes insufficient in the opinion of COUNTY, SUBDIVIDER agrees to renew said improvement security and/or payment security with good and sufficient improvement security and/or payment security within ten (10) days after being requested to do so by COUNTY.

FOURTEENTH: If SUBDIVIDER neglects, refuses, or fails to prosecute the work with such diligence as to ensure its completion within the time specified, or within such extensions of said time as have been granted by the DIRECTOR, or if SUBDIVIDER

violates, neglects, refuses, or fails to perform satisfactorily any of the provisions of the plans and specifications, or if SUBDIVIDER neglects, refuses, or fails to pay the inspection fees for the work and improvements, SUBDIVIDER shall be in default of this AGREEMENT and notice in writing of such default shall be served upon SUBDIVIDER and upon any surety or financial institution in connection with this AGREEMENT. DIRECTOR, or other designated COUNTY official, shall have the power to terminate all rights of SUBDIVIDER in such AGREEMENT, but said termination shall not affect or terminate any of the rights of COUNTY as against SUBDIVIDER, financial institution, or surety then existing or which thereafter accrue because of such default. The determination by DIRECTOR, or other designated COUNTY official, of the question as to whether any of the terms of the AGREEMENT or specifications have been violated, or have not been performed satisfactorily, shall be conclusive upon SUBDIVIDER, his surety, and any and all other parties who may have any interest in the AGREEMENT or any portion thereof. The foregoing provisions of this section shall be in addition to all other rights and remedies available to COUNTY under law.

FIFTEENTH: In the event legal action is brought upon this AGREEMENT, SUBDIVIDER hereby agrees to pay to COUNTY reasonable attorney's fees and costs incurred in prosecuting such action, until such time as COUNTY accepts the work and improvements completed pursuant to this AGREEMENT.

SIXTEENTH: It is further agreed by and between the parties hereto, including the surety or sureties on any bond attached to this AGREEMENT or the financial institution guaranteeing the improvement security and payment security, that in the event it is deemed necessary by COUNTY to extend the time of completion of the work contemplated to be done under this AGREEMENT, said extension may be granted by DIRECTOR, or other designated COUNTY official, either at her own option or upon request of SUBDIVIDER, and shall in no way affect the validity of this AGREEMENT or release the surety or sureties on any bond attached hereto or the financial institution guaranteeing the improvement security and payment security. SUBDIVIDER further agrees to maintain said improvement security and payment security in full force and effect during the terms of this AGREEMENT, including any extensions of time as may be granted therein. DIRECTOR, or other designated COUNTY official, may condition any extension of time upon the provision of additional good and sufficient improvement security and payment security if DIRECTOR, or other designated COUNTY official determines, in his/her sole discretion, that the existing security is insufficient to guarantee the costs of completing the work and improvements.

SEVENTEENTH: It is further agreed by and between the parties hereto that this AGREEMENT firmly binds the parties, their heirs, executors, administrators, successors, or assignees, jointly and severally. SUBDIVIDER shall immediately notify the DIRECTOR, or other designated COUNTY official, of any change in ownership or other event, which alters the responsibility for completing the work and improvements.

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IN WITNESS thereby, _____ has executed this
AGREEMENT on _____, 2011.

COUNTY OF LOS ANGELES

By _____
DIRECTOR OF PUBLIC WORKS

APPROVED AS TO FORM:

ANDREA SHERIDAN ORDIN
County Counsel

By _____
Deputy

SFI LOS VALLES LLC,
a Delaware limited liability company:

By _____
Title:

By _____
Title:

Note: All SUBDIVIDER signatures must be acknowledged before a notary public.
(Attach appropriate acknowledgments/jurats).

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EXHIBIT "A"

EXHIBIT "ONE"

PARCEL 1: (APN 2866-052-001, 2866-001-017, 2866-001-078, 2866-001-080, 2866-001-071, 2866-001-074, 3247-032-01, 3247-032-35 AND 3247-032-043 TO 045, INCLUSIVE)

PARCEL 1 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 101,922, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH RECORDED MAY 24, 2002 AS INSTRUMENT NO. 02-1208159 OF OFFICIAL RECORDS.

EXCEPT THEREFROM THAT PORTION LYING WITHIN PARCEL 2 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 101,922, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH RECORDED MAY 24, 2002 AS INSTRUMENT NO. 02-1208159 OF OFFICIAL RECORDS.

ALSO EXCEPT THEREFROM THAT PORTION LYING WITHIN PARCEL 5 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 101,923, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH RECORDED AUGUST 17, 2001 AS INSTRUMENT NO. 01-1524850 OF OFFICIAL RECORDS.

EXCEPT 50 PERCENT INTEREST IN ALL OIL, GAS, PETROLEUM, HYDROCARBONS AND OTHER KINDRED SUBSTANCES IN AND LYING UNDER SAID LAND, BUT WITHOUT SURFACE RIGHT OF ENTRY AS RESERVED BY LORETTA J. MAEDER AND ET AL., IN DEED RECORDED APRIL 15, 1963, IN BOOK D1991 PAGE 718, OFFICIAL RECORDS.

ALSO EXCEPT A 25 PERCENT INTEREST IN ALL OIL, GAS, PETROLEUM, HYDROCARBONS AND OTHER KINDRED SUBSTANCES IN AND LYING UNDER SAID LAND, WITHOUT THE RIGHT OF SURFACE ENTRY, BELOW A DEPTH OF 500 FEET, AS RESERVED BY EDMOND H. BURNS AND FLORENCE H. BURNS, HUSBAND AND WIFE, IN DEED RECORDED MAY 19, 1969 IN BOOK D-5373 PAGE 520, OFFICIAL RECORDS.

ALSO EXCEPT FROM THAT PORTION OF PARCELS 1 AND 3 OF SAID PARCEL MAP NO. 22559, BOOK 255, PAGES 46 THROUGH 58, DESCRIBED IN DEED RECORDED MARCH 12, 1956 AS INSTRUMENT NO. 726, IN BOOK 50563 PAGE 48 OFFICIAL RECORDS, AN UNDIVIDED ONE-THIRD OF ALL OIL, GAS AND OTHER RIGHTS AS RESERVED IN DEED FROM LEA STEVENS MCGILLIVRAE RECORDED MARCH 12, 1956 IN BOOK 50563 PAGE 48 OFFICIAL RECORDS.

ALL RIGHTS, TITLE AND INTEREST TO THE SURFACE AND THAT PORTION OF THE SUBSURFACE DOWN TO A DEPTH OF 500 FEET BELOW THE SURFACE THEREOF TOGETHER WITH ALL RIGHTS OF SURFACE ENTRY THEREON HAS BEEN QUITCLAIMED BY LEA STEVENS MCGILLIVRAE BY DEED RECORDED NOVEMBER 28, 1969 AS INSTRUMENT NO. 730, IN BOOK D4567 PAGE 44 OFFICIAL RECORDS.

ALSO EXCEPT FROM THAT PORTION OF PARCEL 1 OF SAID PARCEL MAP NO. 22559, BOOK 255, PAGES 46 THROUGH 58, DESCRIBED IN DEED RECORDED JULY 24, 1963 AS INSTRUMENT NO. 351, IN BOOK D2115 PAGE 150, OFFICIAL RECORDS, AN UNDIVIDED 50 PER CENT OF 100 PER CENT OF ALL OIL, GAS, MINERAL AND OTHER HYDROCARBON SUBSTANCES LYING IN OR UNDER SAID LAND, BUT WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED BY ANGELA HARRISON, A WIDOW, IN DEED RECORDED JULY 24, 1963 AS INSTRUMENT NO. 351, IN BOOK D2115 PAGE 150

OFFICIAL RECORDS.

ALSO EXCEPT FROM THAT PORTION OF PARCEL 1 OF SAID PARCEL MAP NO. 22559, DESCRIBED IN DEED RECORDED SEPTEMBER 13, 1990 AS INSTRUMENT NO. 90-1581309, ALL OIL AND GAS AS RESERVED BY THE UNITED STATES OF AMERICA IN DEED RECORDED SEPTEMBER 13, 1990 AS INSTRUMENT NO. 90-1581309.

ALSO EXCEPT FROM THAT PORTION OF SAID LAND DESCRIBED IN THE HEREINAFTER MENTIONED DEED, ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND LYING BELOW A DEPTH OF 500 FEET FROM THE SURFACE THEREOF; BUT WITH NO RIGHT OF SURFACE ENTRY, AS PROVIDED IN THE DEED RECORDED DECEMBER 6, 1999 AS INSTRUMENT NO. 99-2241409 AND RE-RECORDED APRIL 23, 2001 AS INSTRUMENT NO. 01-689940.

ALSO EXCEPT FROM SAID LAST MENTIONED PORTION OF SAID LAND, THE SUBSURFACE WATER RIGHTS, BUT WITHOUT THE RIGHT OF ENTRY TO THE SURFACE OR SUBSURFACE ABOVE A DEPTH OF 50 FEET, AS PROVIDED IN THE DEED RECORDED DECEMBER 6, 1999 AS INSTRUMENT NO. 99-2241409 AND RE-RECORDED APRIL 23, 2001 AS INSTRUMENT NO. 01-689940.

ALSO EXCEPT FROM THAT PORTION OF SAID LAND DESCRIBED IN THE HEREINAFTER MENTIONED DEED, ALL MINERAL INTERESTS, INCLUDING BUT NOT LIMITED TO ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES WHETHER NOW KNOWN TO EXIST OR HEREFTER DISCOVERED, INCLUDING BUT NOT LIMITED TO RIGHTS TO EXPLORE FOR, DEVELOP AND REMOVE SUCH OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, WITHOUT, HOWEVER, ANY RIGHT TO USE THE SURFACE OF SAID LAND OR ANY OTHER PORTION THEREOF INCLUDING THE RIGHT OF SURFACE ENTRY FOR A DEPTH OF 200 FEET MEASURED FROM THE SURFACE OF SUCH REAL PROPERTY FOR ANY PURPOSE WHATSOEVER, AS RESERVED IN THE DEED RECORDED FEBRUARY 18, 2003 AS INSTRUMENT NO. 03-0470027.

ALSO EXCEPT FROM THAT PORTION OF SAID LAND DESCRIBED IN THE HEREINAFTER MENTIONED DEED, ALL MINERAL INTERESTS, INCLUDING BUT NOT LIMITED TO ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES WHETHER NOW KNOWN TO EXIST OR HEREFTER DISCOVERED, INCLUDING BUT NOT LIMITED TO RIGHTS TO EXPLORE FOR, DEVELOP AND REMOVE SUCH OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, AND INCLUDING THE RIGHT TO USE THE SURFACE OF SAID LAND AND ANY OTHER PORTION THEREOF INCLUDING THE RIGHT OF SURFACE ENTRY, AS RESERVED BY AMERICAN ENERGY OPERATIONS, INC., A CALIFORNIA CORPORATION, IN THE DEED RECORDED FEBRUARY 18, 2003 AS INSTRUMENT NO. 03-0470030.

THE RIGHT OF SURFACE ENTRY TO THE SURFACE AND THAT PORTION OF THE SUBSURFACE TO A DEPTH OF 500 FEET OF SAID LAND WAS QUITCLAIMED BY QUITCLAIM DEED EXECUTED BY AMERICAN ENERGY OPERATIONS, INC., A CALIFORNIA CORPORATION, RECORDED JULY 28, 2003 INSTRUMENT NO. 03-2134554.

PARCEL 2: (APN 3247-032-046)

PARCEL 2 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 101,922, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH RECORDED MAY 24, 2002 AS INSTRUMENT NO. 02-1208159 OF OFFICIAL RECORDS.

EXCEPT 50 PERCENT INTEREST IN ALL OIL, GAS, PETROLEUM, HYDROCARBONS AND OTHER KINDRED SUBSTANCES IN AND LYING UNDER SAID LAND, BUT WITHOUT SURFACE RIGHT OF ENTRY AS RESERVED BY LORETTE J. MAEDER AND ET AL., IN DEED RECORDED APRIL 15, 1963,

IN BOOK D 1991 PAGE 718, OFFICIAL RECORDS.

ALSO EXCEPT A 25 PERCENT INTEREST IN ALL OIL, GAS, PETROLEUM, HYDROCARBONS AND OTHER KINDRED SUBSTANCES IN AND LYING UNDER SAID LAND, WITHOUT THE RIGHT OF SURFACE ENTRY, BELOW A DEPTH OF 500 FEET, AS RESERVED BY EDMOND H. BURNS AND FLORENCE H. BURNS, HUSBAND AND WIFE, IN DEED RECORDED MAY 19, 1969 IN BOOK D-5373 PAGE 520, OFFICIAL RECORDS.

ALSO EXCEPT THEREFROM, ALL MINERAL INTERESTS, INCLUDING BUT NOT LIMITED TO ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES WHETHER NOW KNOWN TO EXIST OR HEREAFTER DISCOVERED, INCLUDING BUT NOT LIMITED TO RIGHTS TO EXPLORE FOR, DEVELOP AND REMOVE SUCH OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, WITHOUT, HOWEVER, ANY RIGHT TO USE THE SURFACE OF SAID LAND OR ANY OTHER PORTION THEREOF INCLUDING THE RIGHT OF SURFACE ENTRY FOR A DEPTH OF 500 FEET MEASURED FROM THE SURFACE OF SUCH REAL PROPERTY FOR ANY PURPOSE WHATSOEVER, AS RESERVED IN THE DEED RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134552.

PARCEL 3: (APN 2866-001-077)

PARCEL 5 OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 101,923, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, WHICH RECORDED AUGUST 17, 2001 AS INSTRUMENT NO. 01-152850 OF OFFICIAL RECORDS.

EXCEPT THEREFROM, ALL MINERAL INTERESTS, INCLUDING BUT NOT LIMITED TO ALL OIL, GAS, MINERALS AND HYDROCARBON SUBSTANCES WHETHER NOW KNOWN TO EXIST OR HEREAFTER DISCOVERED, INCLUDING BUT NOT LIMITED TO RIGHTS TO EXPLORE FOR, DEVELOP AND REMOVE SUCH OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, WITHOUT, HOWEVER, ANY RIGHT TO USE THE SURFACE OF SAID LAND OR ANY OTHER PORTION THEREOF INCLUDING THE RIGHT OF SURFACE ENTRY FOR A DEPTH OF 500 FEET MEASURED FROM THE SURFACE OF SUCH REAL PROPERTY FOR ANY PURPOSE WHATSOEVER, AS RESERVED IN THE DEED RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134546.

PARCEL 4: (APN 2866-001-015, 2866-001-016 AND 2866-001-029)

LOTS 2 AND 3 AND THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 2, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO BASE AND MERIDIAN, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE SEPTEMBER 6, 1880.

EXCEPT ALL OIL, GAS AND MINERALS IN AND UNDER SAID LAND AS RESERVED IN THE PATENT FROM UNITED STATES OF AMERICA, RECORDED MAY 7, 1947 IN BOOK 24535 PAGE 351, OFFICIAL RECORDS.

PARCEL 5:

A NON-EXCLUSIVE EASEMENT FOR ACCESS, INGRESS AND EGRESS, AND THE RIGHT TO INSTALL AND MAINTAIN A DRIVEWAY, CURBS, CURB CUTS, PAVING AND RELATED IMPROVEMENTS, AS PROVIDED BY THAT CERTAIN "EASEMENT AGREEMENT" RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134547, OFFICIAL RECORDS OF LOS ANGELES COUNTY, OVER THAT PORTION OF SECTION 2, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, LYING WITHIN A STRIP OF LAND 24 FEET WIDE, AS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 2, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, BEING A STRIP OF LAND 24.00 FEET WIDE, THE EASTERLY LINE OF SAID STRIP BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 2, WITH THE CENTERLINE OF HASLEY CANYON ROAD, 40.00 FEET WIDE, AS DESCRIBED IN THE DEED RECORDED IN BOOK 5595, PAGE 332 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID CENTERLINE SOUTH 89°48'34" EAST 459.98 FEET TO THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID CENTERLINE NORTH 00°00'25" WEST 126.39 FEET.

THE WESTERLY LINE OF SAID STRIP IS TO TERMINATE NORTHERLY IN A LINE THAT BEARS NORTH 83°43'23" WEST FROM THE NORTHERLY TERMINUS OF THAT CERTAIN COURSE HEREIN DESCRIBED AS NORTH 00°00'25" WEST 126.39 FEET AND TO TERMINATE SOUTHERLY AT THE CENTERLINE OF SAID HASLEY CANYON ROAD, 80.00 FEET WIDE.

EXCEPTING THEREFROM THAT PORTION WITHIN SAID HASLEY CANYON ROAD.

PARCEL 6:

A NON-EXCLUSIVE EASEMENT FOR ACCESS TO AND THE RIGHT TO INSTALL AND MAINTAIN LANDSCAPING, FENCING, AND SCREENING, AS PROVIDED BY THAT CERTAIN "EASEMENT AGREEMENT" RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134547, OFFICIAL RECORDS OF LOS ANGELES COUNTY, OVER THAT PORTION OF SECTION 2, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 2, IN TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE EAST LINE OF THE SOUTHEAST QUARTER OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN WITH THE CENTERLINE OF HASLEY CANYON ROAD, 40.00 FEET WIDE, AS DESCRIBED IN THE DEED RECORDED IN BOOK 5595, PAGE 332 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID CENTERLINE NORTH 89°48'34" WEST 514.82 FEET TO AN ANGLE POINT THEREIN; THENCE CONTINUING ALONG SAID CENTERLINE NORTH 70°55'27" WEST 45.19 FEET; THENCE LEAVING SAID CENTERLINE NORTH 03°36'18" EAST 223.96 FEET; THENCE NORTH 65°06'18" EAST, 94.00 FEET; THENCE NORTH 03°36'18" EAST, 98.00 FEET; THENCE NORTH 78°08'53" EAST, 190.48 FEET; THENCE NORTH 06°16'57" WEST, 340.30 FEET; THENCE NORTH 87°45'06" EAST, 139.77 FEET; THENCE SOUTH 52°01'14" EAST, 99.93 FEET; THENCE SOUTH 35°31'39" EAST, 147.19 FEET TO THE COMMON LINE BETWEEN SAID SECTIONS 2 AND 3 AND THE TRUE POINT OF BEGINNING; THENCE SOUTH 72°20'30" EAST, 60.84 FEET; THENCE SOUTH 11°02'22" EAST, 114.00 FEET; THENCE NORTH 72°20'30" WEST, 83.96 FEET TO A POINT IN SAID COMMON LINE BETWEEN SECTIONS 2 AND 3, SAID POINT BEING SOUTH 00°06'40" WEST 104.88 FEET FROM THE TRUE POINT OF BEGINNING; THENCE ALONG SAID COMMON LINE NORTH 00°06'40" WEST 104.88 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 7:

A NON-EXCLUSIVE EASEMENT FOR ACCESS, INGRESS AND EGRESS, AND THE RIGHT TO INSTALL AND MAINTAIN A DRIVEWAY, CURBS, CURB CUTS, PAVING AND RELATED IMPROVEMENTS, AS PROVIDED BY THAT CERTAIN "EASEMENT AGREEMENT" RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134558, OFFICIAL RECORDS OF LOS ANGELES COUNTY, OVER THAT PORTION OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, LYING WITHIN A STRIP OF LAND 24 FEET WIDE, AS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, BEING A STRIP OF LAND 24.00 FEET WIDE, THE WESTERLY LINE OF SAID STRIP BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 3, WITH THE CENTERLINE OF HASLEY CANYON ROAD, 40.00 FEET WIDE, AS DESCRIBED IN THE DEED RECORDED IN BOOK 5595, PAGE 332 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID CENTERLINE NORTH 89°48'34" WEST 514.82 FEET TO AN ANGLE POINT THEREIN; THENCE CONTINUING ALONG SAID CENTERLINE NORTH 70°55'27" WEST 45.19 FEET TO THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID CENTERLINE NORTH 03°36'18" EAST 223.96 FEET.

THE EASTERLY LINE OF SAID STRIP IS TO TERMINATE NORTHERLY IN A LINE THAT BEARS NORTH 65°06'18" EAST FROM THE NORTHERLY TERMINUS OF THAT CERTAIN COURSE HEREIN DESCRIBED AS NORTH 03°36'18" EAST 223.96 FEET AND TO TERMINATE SOUTHERLY AT THE CENTERLINE OF SAID HASLEY CANYON ROAD, 40.00 FEET WIDE.

EXCEPTING THEREFROM THAT PORTION WITHIN SAID HASLEY CANYON ROAD.

PARCEL 8:

A NON-EXCLUSIVE EASEMENT FOR ACCESS TO AND THE RIGHT TO INSTALL AND MAINTAIN LANDSCAPING, FENCING, AND SCREENING, AS PROVIDED BY THAT CERTAIN "EASEMENT AGREEMENT" RECORDED JULY 28, 2003 AS INSTRUMENT NO. 03-2134558, OFFICIAL RECORDS OF LOS ANGELES COUNTY, OVER THAT PORTION OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 3, WITH THE CENTERLINE OF HASLEY CANYON ROAD, 40.00 FEET WIDE, AS DESCRIBED IN THE DEED RECORDED IN BOOK 5595, PAGE 332 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID CENTERLINE NORTH 89°48'34" WEST 514.82 FEET TO AN ANGLE POINT THEREIN; THENCE CONTINUING ALONG SAID CENTERLINE NORTH 70°55'27" WEST 45.19 FEET; THENCE LEAVING SAID CENTERLINE NORTH 03°36'18" EAST 223.96 FEET; THENCE NORTH 65°06'18" EAST, 94.00 FEET; THENCE NORTH 03°36'18" EAST, 98.00 FEET; THENCE NORTH

ALTA Loan Policy (10-17-92) w/Form 1 Cov.

Order No. 9851188
Policy No. 27-042-92 3657353

78°08'53" EAST, 190.48 FEET; THENCE NORTH 06°16'57" WEST, 240.05 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG LAST MENTIONED LINE NORTH 06°16'57" WEST 100.25 FEET; THENCE NORTH 87°45'06" EAST, 139.77 FEET; THENCE SOUTH 52°01'14" EAST, 99.93 FEET; THENCE SOUTH 35°31'39" EAST, 147.19 FEET TO THE COMMON LINE BETWEEN SECTION 3 AND SECTION 2, BOTH IN TOWNSHIP 4 NORTH, RANGE 17 WEST, SAN BERNARDINO MERIDIAN; THENCE ALONG SAID COMMON LINE SOUTH 00°06'40" WEST 104.88 FEET; THENCE NORTH 72°20'30" WEST, 64.90 FEET; THENCE NORTH 35°31'39" WEST, 165.97 FEET; THENCE NORTH 52°01'14" WEST, 48.81 FEET; THENCE SOUTH 87°45'06" WEST, 98.10 FEET TO THE TRUE POINT OF BEGINNING.

EXHIBIT "G"

ESCROW AGREEMENT

This ESCROW AGREEMENT this ("Agreement") is made as of _____, 2011, by and among Los Valles Company, L.P., a California limited partnership ("Los Valles"), iStar Financial Inc., a Maryland corporation ("iStar" or "Escrowee"), the County of Los Angeles, a political subdivision of the State of California (the "County") and the Los Angeles County Waterworks District No. 36, a County Waterworks district formed pursuant to Division 16 of the California Water Code (the "District"). Los Valles, iStar, the County and the District are collectively referred to herein as the "Parties".

WITNESSETH

WHEREAS, the Parties have entered into that certain Settlement Agreement and Release of even date herewith (the "Settlement Agreement"). All initially-capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Settlement Agreement.

WHEREAS, pursuant to the Settlement Agreement, the County has agreed to deposit a settlement payment in the amount of One Million Seven Hundred Thousand Dollars (\$1,700,000) (the "Settlement Payment") into the Escrow Account (hereinafter defined), and the Settlement Payment shall be released to iStar or its designee upon the completion of the Improvements in accordance with the terms of the Settlement Agreement.

WHEREAS, the Parties desire to appoint iStar as the escrow agent hereunder ("Escrowee") and iStar is willing to act in such capacity and hold the Settlement Payment in the Escrow Account (hereinafter defined) and release same on the terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the mutual covenants of the Parties contained herein and in the Settlement Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Incorporation of Recitals. The foregoing Recitals are hereby affirmed by the Parties hereto, and are acknowledged by the Parties to be true and correct and are incorporated into the body of this Agreement by this reference as if fully set forth herein
2. Appointment of Escrowee. The Parties hereby appoint iStar as Escrowee, upon the terms and conditions of this Agreement. iStar hereby accepts such appointment and agrees to perform the duties of Escrowee and to be bound by the terms and conditions of this Agreement.
3. Establishment of Escrow Account. Within 30 days of the execution of this Agreement, the County shall deliver the Settlement Payment to Escrowee via wire transfer into a JP Morgan Chase escrow account, ABA No. 02100021, Account No. 230-337171, Reference: Los Valles Settlement Payment (the "Escrow Account"); and the Settlement Payment shall be held by Escrowee in the Escrow Account and distributed by Escrowee pursuant to the terms and conditions set forth below.
4. Release of Settlement Payment. Upon Improvement Completion, Los Valles shall certify to Escrowee such Improvement Completion, with a copy of such certification being delivered to the County by federal express. Unless the County objects to such certification within three (3) business days after receipt, which objection to be valid shall specify in reasonable detail the reasons underlying such objection and a copy thereof shall be delivered to Los Valles, Escrowee is hereby directed to release the Settlement Payment to iStar or iStar's designee on the fourth (4th) day after Escrowee's receipt of such certification.

5. Tax Reporting Matters. The Parties each agree, upon request of Escrowee, to provide Escrowee with its tax identification number by furnishing the appropriate form W-9 and other forms and documents that Escrowee may reasonably request.

6. Duties of Escrowee.

6.1 Escrowee may invest all or a portion of the Settlement Payment, and it shall be conclusively presumed that any and all investments made by Escrowee are authorized and permitted under the terms of this Agreement.

6.2 The Parties authorize Escrowee to accept, comply with and obey any writs, orders, judgments or decrees entered or issued by any court with jurisdiction, and Escrowee shall not be liable to any of the Parties or any other person by reason of such compliance, notwithstanding that such writ, order, judgment or decree be subsequently reversed, modified, annulled, set aside or vacated. If Escrowee, in its capacity as escrow agent pursuant to this Agreement, is made a party defendant to any suit or proceedings regarding the escrow of the Settlement Payment, the Parties agree to pay Escrowee, upon written demand, all reasonable costs, attorney's fees, and expenses incurred with respect to such suit or proceeding, except to the extent arising from Escrowee's gross negligence, willful misconduct or breach of this Agreement.

6.3 Escrowee shall not be bound by any modification, cancellation or rescission of this Agreement unless in writing and signed by Escrowee.

6.4 If any dispute arises as to whether Escrowee is obligated to deliver the Settlement Payment or as to whom the Settlement Payment is to be delivered or the amount or timing thereof, Escrowee shall not be required to make any delivery, but in such event Escrowee may hold the Settlement Payment until receipt by Escrowee of instructions in writing, signed by all Parties which have, or claim to have, an interest in the Settlement Payment, directing the disposition of the Settlement Payment, or in the absence of such authorization, Escrowee may hold the Settlement Payment until receipt of a certified copy of a final judgment or order of a court of competent jurisdiction or final arbitrator's decision, providing for the disposition of the Settlement Payment. If such written instructions are not received, or proceedings for such determination are not commenced, within thirty (30) days after receipt by Escrowee of notice of any such dispute and diligently continued, or if Escrowee is uncertain as to which Party or Parties are entitled to the Settlement Payment, Escrowee may, in Escrowee's sole discretion, either (i) hold the Settlement Payment until receipt of (A) such written instructions or (B) a certified copy of a final judgment of a court of competent jurisdiction providing for the disposition of the Settlement Payment, or (ii) deposit the Settlement Payment in the registry of a court of competent jurisdiction; provided, however, that notwithstanding the foregoing, Escrowee may, but shall not be required to, institute legal proceedings of any kind.

6.5 Escrowee shall be entitled to rely upon the authenticity of any signature and the genuineness and/or validity of any writing received by Escrowee pursuant to or otherwise relating to this Agreement.

6.6 The Parties acknowledge and agree that iStar is Escrowee, is affiliated with Los Valles and is the designated recipient of the Settlement Payment pursuant to the terms of the Settlement Agreement and this Agreement, and the Parties hereby waive any and all conflicts, potential and/or actual, that may have arisen, and any claims that may now or in the future exist in connection with the relationship between iStar, Los Valles and Escrowee. The Parties acknowledge and agree that they will strictly comply with the terms of this Agreement, notwithstanding such conflict. The Parties further acknowledge and agree that at such time as iStar or its designee is entitled to receive the Settlement

Payment, the County and the District hereby instruct Escrowee to pay the Settlement Payment directly to iStar or its designee strictly in accordance with Section 4 hereof, and Escrowee shall have no liability with respect to Escrowee's role in the transaction, such that if the County or the District declare Los Valles or iStar to be in default of their obligations under the Settlement Agreement, the County and the District shall have no claim against Escrowee as a result thereof.

6.7 The Parties further recognize and acknowledge that Escrowee is serving without compensation and solely as an accommodation to the Parties hereto and all of the Parties agree that Escrowee shall not be liable to any of the Parties for any error of judgment, mistake or act or omission hereunder or any matter or thing arising out of its conduct hereunder, except for Escrowee's willful misconduct or gross negligence. Each of the Parties, jointly and severally, shall indemnify and hold harmless Escrowee from and against any and all losses, liabilities, damages, claims, expenses or costs actually incurred by Escrowee in connection with its performance of its duties hereunder, other than those caused by Escrowee's willful misconduct or gross negligence.

7. Notices. All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given (i) if mailed, by registered or certified mail, return receipt requested, four (4) days after deposit in the US Mail; (ii) by over-night carrier, on the following Business Day, or, (iii) if sent by facsimile or transmitted electronically in either Tagged Image Format Files ("TIFF") or Portable Document Format ("PDF"), when received by the other Party, provided that a manually executed original of such demand, notice or communication is also sent by over-night carrier, or (iv) if by other means, when received by the other Party. All notices shall be addressed as follows

If to the County:

Andrea Sheridan Ordin, Esq.
County Counsel
Office of County Counsel
648 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

If to the District

Adam Ariki
General Manager
Los Angeles County Waterworks District No. 36, Val Verde
P.O. Box 1460
Alhambra, CA 91802-1460

If to Los Valles or iStar:

Steven H. Magee
Executive Vice President
5 Park Plaza
Suite 1640
Irvine, CA 92614

With Copy to:

David P. Waite, Esq.
Jeffer Mangels Butler & Mitchell LLP
1900 Avenue of the Stars, 7th Floor

Los Angeles, CA 90067

Benzion J. Westreich, Esq.
Katten Muchin Rosenman LLP
2029 Century Park East, Suite 2600
Los Angeles, CA 90067

Each Party may, by notice as aforesaid, designate such other person or persons and/or such other address or addresses for the receipt of notices. Copies of all notices, certificates or other communications relating to this Agreement in respect to which Escrowee is not the addressee or sender shall be sent to Escrowee in the manner hereinabove set forth.

8. Governing Laws. It is the intention of the Parties hereto that the internal laws of the State of California (irrespective of its choice of law principles) shall govern the validity of this Agreement, the construction of its terms, and the interpretation and enforcement of the rights and duties of the Parties to this Agreement.

9. Binding upon Successors and Assigns. Subject to, and unless otherwise provided in, this Agreement, each and all of the covenants, terms, provisions, and agreements contained in this Agreement shall be binding upon, and inure to the benefit of, the permitted successors, executors, heirs, representatives, administrators and assigns of the Parties to this Agreement.

10. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original as against any Party whose signature appears on such counterpart and all of which together shall constitute one and the same instrument. This Agreement shall become binding when one or more counterparts of this Agreement, individually or taken together, shall bear the signatures of all of the Parties reflected in this Agreement as signatories.

11. Entire Agreement. This Agreement, the documents referenced in this Agreement and the exhibits to such documents, constitute the entire understanding and agreement of the Parties to this Agreement with respect to the subject matter of this Agreement and of such documents and exhibits and supersede all prior and contemporaneous agreements or understandings, inducements or conditions, express or implied, written or oral, between the Parties with respect to this Agreement. The express terms of this Agreement control and supersede any course of performance or usage of the trade inconsistent with any of the terms of this Agreement.

12. Waivers. No waiver by any Party to this Agreement of any condition or of any breach of any provision of this Agreement will be effective unless in writing. No waiver by any Party of any such condition or breach, in any one instance, will be deemed to be a further or continuing waiver of any such condition or breach or a waiver of any other condition or breach of any other provision contained in this Agreement.

13. Amendment. This Agreement cannot be amended or modified orally. This Agreement may be amended or modified only with the written consent of the Parties to this Agreement.

14. Time is of the Essence. Time is of the essence with respect to each provision of this Agreement.

[Signatures on Following Page]

IN WITNESS WHEREOF, the Parties hereto have executed and delivered this Agreement as of the date first above written.

COUNTY OF LOS ANGELES,
a political subdivision of the State of California

By: D Cadena 2/11
Name: DIEGO CADENA
Title: DEPUTY DIRECTOR, DPW

LOS ANGELES COUNTY WATERWORKS
DISTRICT NO. 36, a County Waterworks district
formed pursuant to Division 16 of the California Water
Code

By: D Cadena 8/11
Name: DIEGO CADENA
Title: DEPUTY DIRECTOR

LOS VALLES COMPANY, L.P.,
a California limited partnership

By: _____
Name: _____
Title: _____

ISTAR FINANCIAL INC.,
a Maryland corporation

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the Parties hereto have executed and delivered this Agreement as of the date first above written.

COUNTY OF LOS ANGELES,
a political subdivision of the State of California

By: _____
Name: _____
Title: _____

LOS ANGELES COUNTY WATERWORKS
DISTRICT NO. 36, a County Waterworks district
formed pursuant to Division 16 of the California Water
Code

By: _____
Name: _____
Title: _____

LOS VALLES COMPANY, L.P.,
a California limited partnership

By: Steven H. Magale
Name: Steven H. Magale
Title: EVP of Land

ISTAR FINANCIAL INC.,
a Maryland corporation

By: Steven H. Magale
Name: Steven H. Magale
Title: EVP of Land